

BMO Private Equity Trust plc

Report and Accounts
31 December 2021



Part of



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Company Overview

The Company

BMO Private Equity Trust PLC (“the Company”) is an investment trust and its Ordinary Shares are traded on the Main Market of the London Stock Exchange.

Objective and Investment Policy

The Company’s objective is to achieve long-term capital growth through investment in private equity assets, whilst providing shareholders with a predictable and above average level of dividend funded from a combination of the Company’s revenue and realised capital profits.

The Company’s investment policy is contained on page 9.

Dividend Policy

The Company aims to pay quarterly dividends with an annual yield equivalent to not less than four per cent of the average of the published net asset values per Ordinary Share as at the end of each of its last four financial quarters prior to the announcement of the relevant quarterly dividend or, if higher, equal (in terms of pence per share) to the highest quarterly dividend previously paid. All quarterly dividends will be paid as interim dividends. The interim dividends payable in respect of the quarters ended 31 March, 30 June, 30 September and 31 December are expected to be paid in the following July, October, January and April respectively.

Management

The Company’s investment manager, BMO Investment Business Limited (“the Manager”) is a wholly owned subsidiary of BMO Global Asset Management (Europe) Ltd (“BMO GAM”).

BMO GAM is owned by Columbia Threadneedle Investments UK International Limited and is part of the Ameriprise Financial, Inc group of companies.

Capital Structure as at 31 December 2021

73,941,429 Ordinary Shares of 1 pence, each entitled to one vote at a general meeting.

Further details of the Company’s capital structure, including the rights attributable to the Ordinary Shares, are provided on page 31.

How to Invest

The Manager operates a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 79.

Visit our website at: www.bmoprivateequitytrust.com.

Financial Highlights

66.2%

Share price performance

- Share price total return ⁽¹⁾ for the year of 66.2 per cent for the Ordinary Shares.

35.8%

NAV total return

- Net Asset Value total return ⁽¹⁾ for the year of 35.8 per cent for the Ordinary Shares.

20.04p

Quarterly dividends

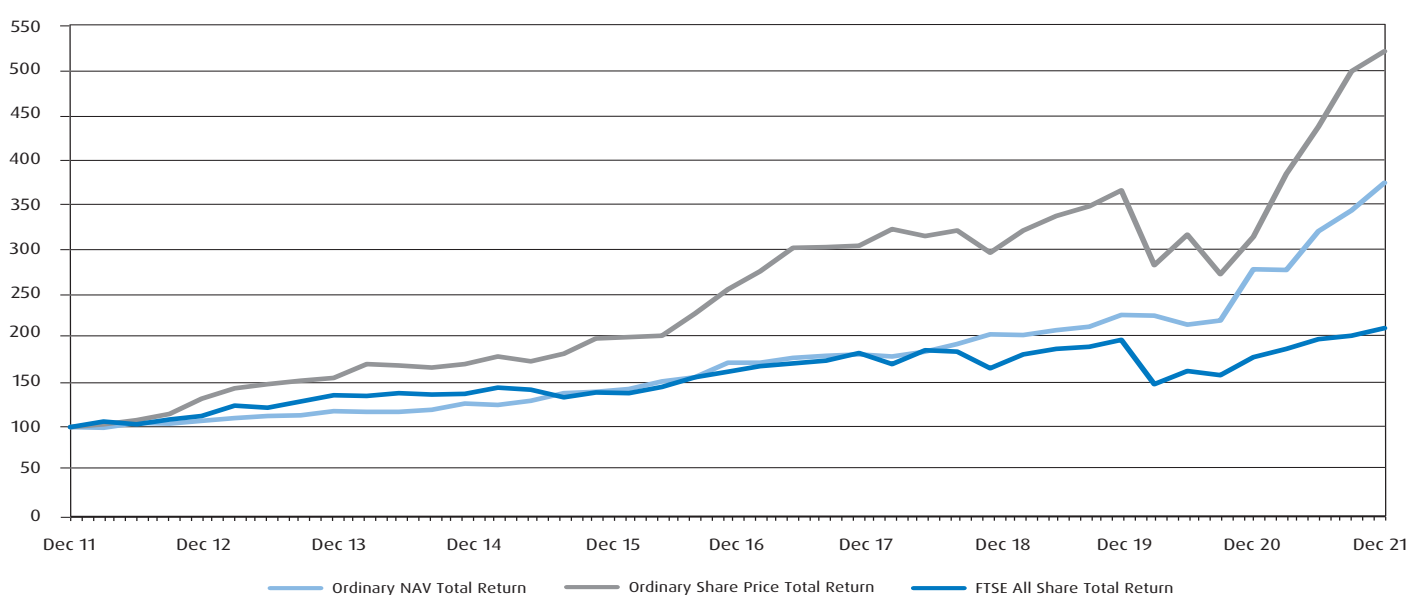
- Total quarterly dividends of 20.04p per Ordinary Share
- Quarterly dividend of 4.35p per Ordinary Share paid 30 July 2021
- Quarterly dividend of 4.77p per Ordinary Share paid 29 October 2021
- Quarterly dividend of 5.27p per Ordinary Share paid on 28 January 2022
- Quarterly dividend of 5.65p per Ordinary Share payable 30 April 2022

4.1%

Dividend yield

- Dividend yield ⁽²⁾ of 4.1 per cent based on the year-end share price.

The Longer Term Rewards



⁽¹⁾ Total Return. Refer to Alternative Performance Measures on page 76.

⁽²⁾ Dividend Yield. Refer to Alternative Performance Measures on page 75.

Summary of Performance

	31 December 2021	31 December 2020	% change
Total Returns for the Year[†]			
Net asset value per Ordinary Share	+35.8%	+22.7%	
Ordinary Share price	+66.2%	-14.2%	
Capital Values			
Net assets (£'000)	473,447	359,483	+31.7
Net asset value per Ordinary Share	640.30p	486.17p	+31.7
Ordinary Share price	489.0p	307.5p	+59.0
Discount to net asset value [†]	23.6%	36.8%	
Income			
Revenue return after taxation (£'000)	5,080	3,490	
Revenue return per Ordinary Share	6.87p	4.72p	
Dividends per Ordinary Share	20.04p	16.13p	
Dividend Yield [†]	4.1%	5.2%	
Gearing [†]	0.7%	14.9%	
Ongoing Charges [†]			
As a percentage of average net assets excluding performance fees	1.2%	1.3%	
As a percentage of average net assets including performance fees	2.3%	2.2%	
Future commitments (£'000)	136,436	125,058	

[†] Refer to Alternative Performance Measures on pages 75 and 76.

Sources: BMO Investment Business and Refinitiv Eikon

Chairman's Statement



Mark Tennant, Chairman

Fellow Shareholders,

Firstly, I would like to take this opportunity, on behalf of the Board to thank you for your continuing support during these difficult and uncertain times.

This report is for the year ended 31 December 2021. During this period your Company has achieved a net asset value ("NAV") total return of 35.8 per cent. This compares to a total return from the FTSE All-Share Index for 2021 of 18.3 per cent. The NAV per share at the year-end was 640.30p (2020: 486.17p).

The share price at the year-end was 489.00p per share (2020: 307.50p). During the year the share price discount narrowed. As at 31 December 2021 it was 23.6 per cent in comparison to 36.8 per cent as at 31 December 2020. As a consequence, the share price total return for the year was an impressive 66.2 per cent.

During the year the Company made new investments, either through funds or as co-investments, totalling £83.2 million. Realisations and associated income totalled £161.4 million. Outstanding undrawn commitments at the year-end were £136.4 million of which £26 million was to funds where the investment period had expired.

The Company's performance fee arrangements contain a hurdle rate, calculated over rolling three-year periods, of an IRR of 8.0 per cent per annum. The annual IRR of the NAV for the three-year period ended 31 December 2021 was 22.6 per cent and, consequently, a capped performance fee of £4.5 million is payable to the Manager, BMO Investment Business Limited, in respect of 2021. This is the ninth consecutive year that a performance fee has been payable, demonstrating consistent performance and providing Shareholders with an attractive total return, which includes capital growth and an above average dividend yield.

Dividends

Since 2012 your Company has paid a substantial dividend from realised capital profits allowing Shareholders to participate, to some degree, directly in the proceeds of the steady stream of private equity realisations which the Company achieves. This policy has been well received by Shareholders and provides for a steadily growing dividend with downside protection. Your Board is fully committed to maintaining this general approach for the foreseeable future.

The Company's quarterly dividends are payable in respect of the quarters ended 31 March, 30 June, 30 September and 31 December and are paid in the following July, October, January and April respectively. As Shareholders do not have an opportunity to approve a final dividend at each Annual General Meeting, Shareholders are asked to approve the Company's dividend policy at the forthcoming Annual General Meeting.

In accordance with the Company's stated dividend policy, the Board recommends a further quarterly dividend of 5.65p per Ordinary Share, payable on 29 April 2022 to Shareholders on the register on 8 April 2022 and an ex-dividend date of 7 April 2022. Total dividends paid for the year therefore amount to 20.04p per Ordinary Share equivalent to a dividend yield of 4.1 per cent at the year-end.

Directorate Change

On 17 February 2022, as part of its Board succession plan, the Company announced that I will retire as Chairman at the completion of the Company's Annual General Meeting ("AGM") on 26 May 2022.

I joined the Board in February 2009 and was appointed Chairman in May 2010. It has been a period of continuous change. The Company has experienced, amongst other events, the Eurozone Crisis, the withdrawal of the United Kingdom from the European Union, the COVID-19 pandemic and, more recently, Russian military action in Ukraine. Many of these events still impact upon the social, macro-economic and political environments in which this Company operates and I wish to express my sincere thanks to my fellow Directors, the BMO Private Equity management team and the Company's advisors for their support in successfully navigating these challenges.

Upon my retirement Richard Gray, who was appointed to the Board in March 2017, will be appointed Chairman. I know that his wise counsel will serve this Company extremely well.

As a further part of the Board succession plan it is anticipated that David Shaw will retire from the Board at the conclusion of the Company's 2023 AGM.

Ownership of the Manager

On 12 April 2021 BMO announced that it had reached an agreement to sell its asset management business in Europe, the Middle East and Africa to Columbia Threadneedle, the global asset management

business of Ameriprise Financial, Inc. This acquisition completed on 8 November 2021.

During this acquisition process the Board has sought and received confirmation from senior management at Columbia Threadneedle of the importance of maintaining stability and continuity of the teams which presently support your Company. The Board welcomes these assurances and will ensure that Shareholders are kept informed of developments as this new relationship develops.

Annual General Meeting

The 2021 Annual General Meeting of the Company (“2021 AGM”) was held on 27 May 2021. Due to travel and gathering restrictions arising from the COVID-19 pandemic, Shareholders were not able to attend the 2021 AGM in person. However, Shareholders were able to view an online presentation by the Company’s Investment Manager, Hamish Mair and participate in a live question and answer session with him and me. I would like to thank those Shareholders who participated.

I am pleased to report that we intend to revert to normal practices for the 2022 AGM. The AGM will be held on Thursday 26 May 2022 at 12.00 noon at Exchange House, Primrose Street, London, EC2A 2NY, being the London offices of the Manager. The meeting will include a presentation from Hamish Mair on the performance of the Company.

However, as the situation with regard to the COVID-19 pandemic remains uncertain, if circumstances change on or prior to 26 May 2022 so that laws, regulations or Government guidance no longer permit physical Shareholders’ attendance, or if the Board should otherwise determine Shareholders’ attendance at an open meeting to be contrary to the safety and wellbeing of Shareholders, alterations may be required to be made to the AGM format. In these circumstances, the Company will communicate to Shareholders any changes to arrangements by a London Stock Exchange announcement and through updates to the Company’s website: www.bmoprivateequitytrust.com.

The Board strongly advises all Shareholders to consider their personal circumstances before deciding whether or not to attend the AGM in person. Any Shareholders who choose not to attend can submit questions regarding the resolutions proposed at the AGM, or the performance of the Company, to the dedicated email account: privateequitytrustagm@bmogam.com. Questions should be submitted not later than Thursday 19 May 2022. The Board will endeavour to ensure that questions received by such date are addressed at the meeting. In addition, so all Shareholders have an opportunity to view the AGM, the meeting will be recorded and will be available to view shortly thereafter on the Company’s website as detailed above.

Although normal practices have resumed in respect of the AGM, to ensure that each Shareholder’s votes will count in the event that they cannot attend in person, or in the event that Shareholder attendance has been subsequently restricted due to health and safety concerns and the Company must put in place alternative arrangements, the Board would encourage all Shareholders to complete and submit

their Form of Proxy or Form of Direction in advance of the AGM, in accordance with the requirements contained in the AGM notice. Further, should the AGM be restricted, Shareholders are strongly encouraged to appoint the Chairman of the AGM as their proxy as any other person so appointed may not be admitted to the AGM, resulting in that Shareholder’s vote not being counted.

Outlook

The last two years have presented all of us with many challenges and as noted above there are fresh challenges and threats to be met. No matter how frustrating they are we cannot control such external events nor avoid resulting shocks. We can however oversee and manage the Company’s portfolio such that it is capable of growth and resilience over the long term. The careful selection of investments and investment partners preceded by much research and deliberation identifies the engine for the growth, and the maintenance of a substantial degree of diversification in what is an innately risky asset class provides the resilience to see the Company through challenging phases. In the recent period private equity in general and your Company’s portfolio in particular has fared impressively. Indeed, during all my years as a Director and as Chairman of your Company I have been repeatedly reminded of the power of the private equity model and its potential to deliver excellent long term returns. I therefore commend the asset class and the Company to you. Whilst past performance is not necessarily a guide to the future, I am confident that your Company will continue to meet shareholders’ expectations for many years to come.

Mark Tennant

Chairman

7 April 2022

Strategic Report – Introduction

“The Company’s investment objective is to achieve, long-term capital growth through investment in private equity assets, whilst providing Shareholders with a predictable and an above average level of dividend.”

Purpose

The purpose of the Company is to deliver long-term capital growth and an above average level of dividend to Shareholders.

Investment Objective

The Company’s investment objective is to achieve long-term capital growth through investment in private equity assets, whilst providing Shareholders with a predictable and above average level of dividend funded from a combination of the Company’s revenue and realised capital profits.

Business Model

The Directors have a duty to promote the success of the Company. As an investment trust with no employees, the Board believes that the optimum basis for doing this and achieving the Company’s investment objective is a strong working relationship with the Company’s appointed manager, BMO Investment Business Limited (the “Manager”). Within policies set and overseen by the Board, the Manager has been given overall responsibility for the management of the Company’s assets, gearing and risk.

As an investment trust the Company is not subject to redemption requests which have triggered forced asset sales at some open ended funds and is well suited to investors seeking longer term returns. The share capital structure provides the flexibility to take a long-term view. Having the ability to borrow to invest is a significant advantage over a number of other investment fund structures.

The Board remains responsible for decisions over corporate strategy, corporate governance, risk and control assessment, setting policies, setting limits on gearing, monitoring investment performance and monitoring marketing performance.

At each Board meeting, the Board receives a presentation from the Manager which includes a review of investment performance, recent portfolio activity and a market outlook. The Board also considers compliance with the investment policy and other investment restrictions during the reporting period. An analysis of the portfolio as at 31 December 2021 is presented in the Investment Manager’s Review on pages 19 to 22 and in the Portfolio Summary on page 23. The full portfolio listing is provided on pages 26 and 27.

The Manager

The investment management contract is with BMO Investment Business Limited (‘the Manager’), a wholly owned subsidiary of BMO Global Asset Management (Europe) Limited (“BMO GAM”). BMO GAM is owned by Columbia Threadneedle UK International Limited and is part of the Ameriprise Financial, Inc group of companies.

The Manager has been appointed as Alternative Investment Fund Manager (‘AIF Manager’). BMO GAM provides investment management and other services to a range of investment companies.

Hamish Mair is the investment manager appointed by the Manager to the Company. His biography is provided on page 18.

The fee that the Manager receives for its services is based on the value of assets under management of the Company and its performance thus aligning its interests with those of the shareholders. The ancillary functions of secretarial and marketing services are also provided by the Manager. Details of the management and secretarial fees payable to the Manager are provided on pages 32 and 58.

Environmental, Social and Governance (“ESG”) Impact

The Board’s ESG approach is set out on page 12. The direct environmental impact of the Company’s activities is minimal as the Company has no employees, premises, physical assets or operations either as a producer or a provider of goods or services. Its indirect impact occurs through the investments that it makes and this is mitigated through the Manager’s Responsible Investment Approach as explained on page 12.

Manager Evaluation

Investment performance and responsible ownership are fundamental to delivering sustainable long-term growth in capital for the Company’s shareholders and therefore an important responsibility of the Board is exercising a robust annual evaluation of the Manager’s performance. This is an essential part of the strong governance that is carried out by the Board, all the members of which are independent and non-executive. The process for the evaluation for the year under review and the basis on which the decision to reappoint the Manager for another year is made are set out on page 32.

Communication and Marketing with Stakeholders

The Company fosters good working relationships with its key stakeholders; the Manager, as described above, Shareholders, investee funds and co-investments, suppliers and service providers. All appropriate channels are used including the internet and social media as well as the BMO savings plans.

The Company’s activities and performance are reported through the publication of its financial statements but the vast majority of Shareholders and savings plan investors prefer not to receive such detailed information. To avoid losing this essential line of communication, the Company sends instead a short notification with the key highlights of its half-yearly and annual results. Shareholders,

savings plan investors and other stakeholders can locate the full information on the Company's website, [bmoprivateequitytrust.com](https://www.bmoprivateequitytrust.com), if they so wish.

Through the Manager, the Company also ensures that savings plan investors are encouraged to attend and vote at annual general meetings in addition to those who hold their shares on the main Shareholder register. Details of the proxy voting results on each resolution are published on the website where there is also a link to the quarterly publication of the Company's NAV and its quarterly factsheet.

The Manager also has in place a programme of visits designed to foster good relations with wealth managers in promoting the Company's investment proposition. These visits are reported regularly to the Board. Any contact with the Company's institutional Shareholders is also reported. The Chairman is available to meet with major Shareholders.

Managing Risks and Opportunities

Like all businesses, investment opportunities do not come without risks and uncertainties and so the performance of the Manager is monitored at each Board meeting on a number of levels. In addition to managing the investments, the ancillary functions of administration, secretarial, accounting and marketing services are all carried out by the Manager.

The Board receives reports on the investment portfolios; the wider portfolio structure; risks; income and expense forecasts; errors; internal control procedures; marketing; Shareholder and other stakeholder issues, including the Company's share price premium or discount to NAV; and accounting and regulatory updates.

Shareholders can assess the financial performance from the Key Performance Indicators that are set out on page 16 and, on page 28, can see what the Directors consider to be the Principal Risks that the Company faces.

In addition to regularly monitoring the Manager's performance, their commitment and available resources and their systems and controls, the Directors also review the services provided by other principal suppliers. These include the Depositary in their duties towards the safeguarding of the assets.

The principal policies that support our investment and business strategy are set out on page 9, whilst the Investment Manager's review of activity in the year can be found on pages 19 to 22.



Principal Policies

Investment Policy

The Company makes private equity investments by taking stakes in private equity focused limited partnerships, offshore funds, investment companies and investment trusts. In addition to investing in newly-formed private equity funds, the Company may also purchase secondary private equity fund interests (that is, portfolios of investments in existing private equity funds). The Company may also make direct private equity investments, mainly through co-investment with the funds in which the Company is invested.

The private equity funds in which the Company invests comprise buy-out funds, venture capital funds and mezzanine funds. Both the funds and the direct investments are selected in order to create an underlying portfolio which is well-diversified by geography, sector, size of company, stage of development, transaction type and management style.

The Company may use gearing of up to 30 per cent of its total assets at the point of drawdown.

At the time of investment:

- No more than 15 per cent of total assets may be invested in UK-listed investment companies;
- No more than 15 per cent of total assets may be invested in non-UK listed investment companies;
- No more than 50 per cent of total assets may be invested in direct private equity co-investments;
- No more than 5 per cent of total assets to be invested in any one direct investment or co-investment; and
- No more than 10 per cent of total assets may be invested outside the United States of America, the United Kingdom and Continental Europe.

As far as practicable the Company will be fully invested at all times.

Dividend Policy

The Company aims to pay quarterly dividends:

- with an annual yield equivalent to not less than four per cent of the average of the published net asset values per Ordinary Share as at the end of each of its last four financial quarters prior to the announcement of the relevant quarterly dividend; or
- if higher, equal (in terms of pence per share) to the highest quarterly dividend previously paid.

The dividend can be funded from a combination of the Company's revenue and realised capital profits.

Taxation

The Board's policy towards taxation is one of full commitment to complying with applicable legislation and statutory guidelines. It is essential that the Company always retains its investment trust tax status by complying with Section 1158 of the Corporation Tax Act 2010 ("Section 1158") such that it does not suffer UK Corporation Tax on capital gains. The Company has received approval from HMRC as an investment trust under Section 1158 and has since continued to comply with the eligibility conditions. The Manager also ensures that the Company submits correct taxation returns annually to HMRC and settles promptly any taxation due.

Liquidity

The Board recognises the need to address any sustained and significant imbalance of buyers and sellers which might otherwise lead to shares trading at a material discount or premium to NAV per share. While it has not adopted any formal discount or premium targets which would dictate the point at which the Company would seek to purchase shares or issue further shares, the Board is committed to utilising its share purchase and share issuance authorities where appropriate in such a way as to mitigate the effects of any such imbalance. In considering whether buyback or issuance might be appropriate in any particular set of circumstances, the Board will take into account: the prevailing market conditions; the degree of NAV accretion that will result from the buyback or issuance; the cash resources readily available to the Company; the immediate pipeline of investment opportunities open to the Company; and the working capital requirements of the Company.

Board Diversity

The Board's policy towards the appointment of non-executive Directors is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds. The policy is always to appoint the best person for the role and, by way of this policy statement, it is confirmed that there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

The overriding aim of the policy is to ensure that the Board is composed of the best combination of people for ensuring the delivery of the Company's objective. In achieving gender diversity, the Board composition of four men and three women Directors met the target of 33% of women on FTSE 350 company boards set under The Hampton-Alexander Review.

Integrity and business ethics

The Company applies a strict anti-bribery and anti-corruption policy insofar as it applies to any Directors or employee of the Manager or of any other organisation with which it conducts business. The Board also ensures that adequate procedures are in place and followed in respect of third-party appointments, acceptance of gifts and hospitality and similar matters.

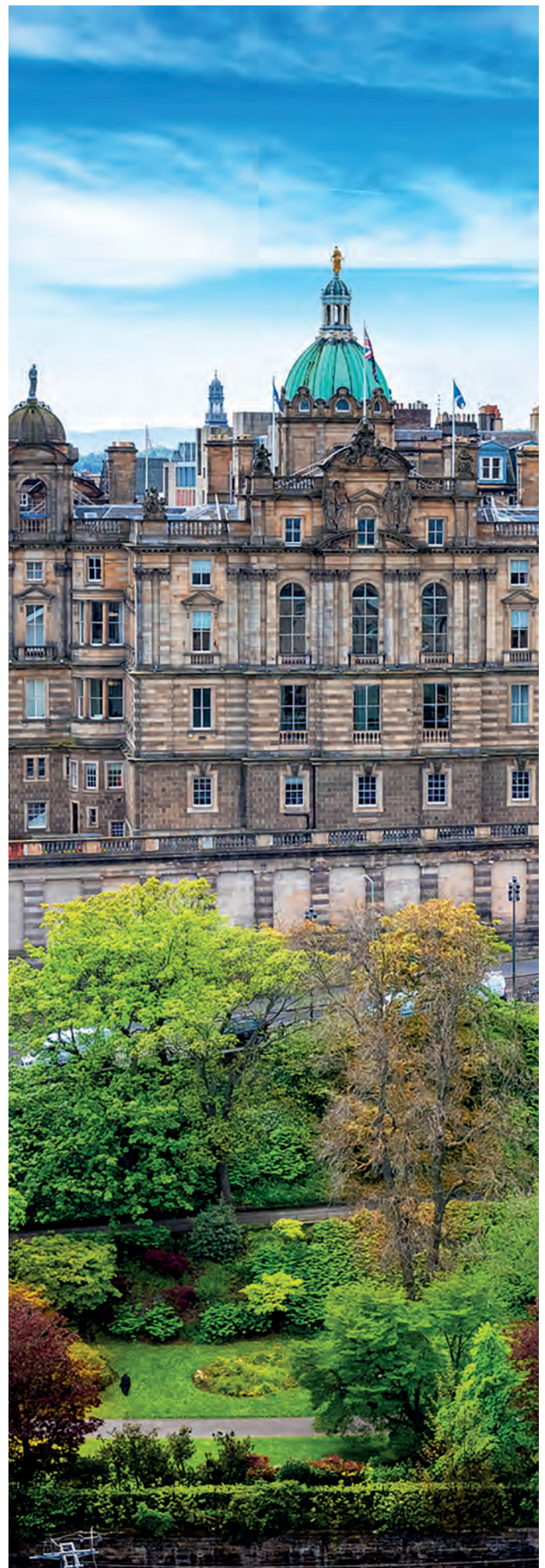
Prevention of the facilitation of tax evasion

The Company is committed to compliance with the UK's Criminal Finances Act 2017, designed to prevent tax evasion in the jurisdictions in which it operates. The policy is based on a risk assessment undertaken by the Board and professional advice is sought as and when deemed necessary.

Modern Slavery Act 2015

The Company is an investment company with no employees or customers and does not provide goods or services in the normal course of business. We have appointed the Manager to manage the investments, engage on ESG issues and to carry out administrative and secretarial services.

The Company's own supply chain consists predominately of professional advisers and service providers in the financial services industry, which is highly regulated. The Board therefore believes that the potential for acts of modern slavery or human trafficking in the Company's own environment is extremely low.



Promoting the Success and Sustainability of the Company – Section 172 Statement

Under s172 (1) of the Companies Act 2006 ("the Act"), Directors have a duty to promote the success of the Company for the benefit of its members as a whole. This will include the likely consequences of Directors' decisions for the longer term and how the Board has taken wider stakeholders' needs into consideration.

The Directors value engagement with stakeholders. The key stakeholders of the Company are its Shareholders, the Manager, suppliers, service providers and investee funds and co-investments. As an investment trust the Company does not have any employees.

The Company's website www.bmoprivateequitytrust.com is available to all stakeholders and key decisions are announced to the London Stock Exchange through a Regulatory News Service.

The Company holds an Annual General Meeting. In normal circumstances all Shareholders are invited to attend, and this provides an open forum for Shareholders to discuss issues and matters of concern with the Board and representatives of the Manager and the

Principal decisions

The table below details the decision making and engagement process for corporate decisions and actions that the Board has considered sufficiently material to warrant an announcement to the London Stock Exchange.

Decision/Action	Rationale	Engagement	Outcome
<p>On 26 March 2021 the Company announced that the Board had amended the format of the 2021 AGM. Shareholders were not permitted to attend the AGM in person but were represented by the Chairman of the meeting acting as their proxy. The AGM was held as a closed meeting with the minimum attendance required to form a quorum.</p> <p>However to allow Shareholder engagement despite these restricted circumstances, Shareholders could attend an online presentation by the Company's Chairman and Investment Manager immediately prior to the formal business of the AGM.</p>	<p>This decision was taken by the Board mindful of government travel and social gathering restrictions arising from the COVID-19 pandemic.</p>	<p>The decision was announced on 26 March 2021 through the Company's annual results announcement released through a Regulatory News Service. Shareholders unable to attend the online presentation were encouraged to direct any questions they may have had with regard to the resolutions proposed at the AGM or the performance of the Company to a specially designated email account. Attendees to the online presentation could participate in a question and answer session. The Manager's presentation was also made available on the Company's website www.bmoprivateequitytrust.com.</p>	<p>With the current reduction in restrictions arising from the COVID - 19 pandemic the Board has reverted to previous practice with an AGM to be held at 12 noon on 26 May 2022 at Exchange House, Primrose Street, London, EC2A 2NY. The meeting will include a presentation from Hamish Mair on the Company and its investment portfolio.</p> <p>All Shareholders are strongly advised to consider their personal circumstances before deciding whether or not to attend the AGM in person. Any Shareholders who choose not to attend can submit questions regarding the resolutions proposed at the AGM, or the performance of the Company, to the dedicated email account: privateequitytrustagm@bmogam.com. In addition the meeting will be recorded and will be available to view shortly thereafter on the Company's website.</p>
<p>The Board has agreed a succession plan to refresh its composition.</p> <p>Experienced, long serving Directors will retire during a transition period which will involve the appointment of new Directors.</p>	<p>The Board's policy on tenure is that continuity and experience add significantly to its strength. In addition, the Board recognises the value in attracting new talent.</p> <p>The Board has agreed a plan for a transitional period to allow the transfer of knowledge and experience from long-serving Directors to newly appointed ones.</p>	<p>A committee of long serving Directors met with possible candidates for the role of Chairman. Following Board discussion it was agreed unanimously that Richard Gray would be appointed Chairman upon the retirement of Mark Tennant.</p>	<p>On 17 February 2022 the Company announced that Mark Tennant would retire from the Board at the conclusion of the Company's Annual General Meeting. Mark Tennant joined the Board in February 2009 and was appointed Chairman in May 2010.</p> <p>Upon the retirement of Mark Tennant, Richard Gray will be appointed Chairman of the Company.</p> <p>On 25 March 2022 it was announced that it is anticipated that David Shaw will retire from the Board at the conclusion of the Company's 2023 AGM.</p>

Company's advisors. The Managers have also engaged during the year with the Company's largest Shareholders and the outcome of these discussions are reported to the Board at the following Board Meeting. Stakeholders are invited to communicate with the Board through the Chairman or Company Secretary.

Under the Investment management agreement detailed on page 32 and note 3 to the financial statements, the monitoring of the activities of investee fund and co-investment managers is delegated to the Manager. The Manager reports at each Board meeting on the performance of the Company's investments.

The Board takes a responsible approach to Environmental, Social and Governance ("ESG") Issues. The Board has appointed a manager that applies high standards of ESG practice. We have therefore included on page 12 information on the Manager's approach towards responsible investment which focuses on engagement with investee companies on ESG issues.

Sustainability and ESG

As stewards of £473 million of invested assets we support positive change. The Company benefits from the Manager's leadership in this field.

The approach

Environmental, Social and Governance ("ESG") issues are the three central factors in measuring sustainability and can present both opportunities and threats to the long-term investment performance the Company aims to deliver to Shareholders. The Board is therefore committed to taking a responsible approach to ESG matters. There are two strands to this approach. The Company's own responsibilities on matters such as its governance and the impact it has through the investments that are made on its behalf by its Manager.

The Company's compliance with the revised AIC Code of Corporate Governance is detailed in the Corporate Governance Statement on pages 35 to 36. In addition, the Principal Policies statement on pages 9 and 10 notes the Company's policies towards board diversity, integrity and business ethics, prevention of the facilitation of tax evasion and the Modern Slavery Act 2015.

The Board recognises that the most material way in which the Company can have an impact is through its responsible ownership of its investments. The Board has therefore appointed a manager that engages actively with the management of investee companies to encourage that high standards of ESG practice are adopted. The Manager has long been at the forefront of the investment industry in its consideration of these issues and has one of the longest established and largest teams in the City focused solely on ESG.

Responsible investment

Responsible investment is core to the approach adopted by BMO GAM. With over three decades of experience, BMO GAM believes that ESG factors can reduce risk and underpin long-term returns and is committed to integrating ESG in all asset classes. As a strong supporter of the Sustainable Development Goals, it also believes in using its influence as an investor to promote long-term sustainability. It was a founding member of the United Nations Principles for Responsible Investment ("UN PRI") and has held an A+ rating for Strategy and Governance for the past five years.

BMO GAM is also a founding member of the Net Zero Asset Managers Initiative and has committed to a net-zero ambition across all of its asset classes by 2050. It is a member of the investor coalition for Climate Action 100+ and the 30% Club (in the UK, France and US) in which it leads and supports engagements and is Chair of the Platform Living Wage Financials' Garment Working Group. It is an active participant in the Initiative Climate International working group, in order to be part of the ESG discussion and shape its evolution. BMO GAM believes that it has played an integral role in the ESG journey for the past three decades having launched Europe's first socially and environmentally screened fund in 1984.

As part of this ESG commitment, BMO Private Equity engages actively with its underlying private equity fund managers (General Partners or 'GPs') to encourage them to develop responsible policies that sufficiently mitigate ESG risks and generate opportunities. It leverages its position to influence and collaborate with its GPs and management teams to drive positive change from pre-investment stage through to exit.

Key Results of 2021 ESG Survey

79% & 90%

response rate from GPs and co-investments to the BMO Private Equity survey

92%

of managers have ESG policies and procedures in place

84%

of managers rated 'Good', 'Excellent' or 'Best-in-Class' for ESG

83%

of GPs include ESG as a Board agenda item

60%

of GPs have Diversity and Inclusion policies in place

42%

of GPs track greenhouse gas emissions

2/3rds

of managers are signatories to industry-leading bodies

93%

of managers would decline an opportunity based on ESG alone

91%

of managers consider ESG factors within their due diligence process

ESG Survey

BMO Private Equity assesses its GP's annually through its ESG survey which encompasses key topics, metrics and trends. The survey is based around four core elements outlined below, and respondents are rated 1-5 from leader to laggard. Managers who score below average will be encouraged to develop over time and BMO Private Equity comments are fed back over the life of an investment in a collaborative and bilateral process.

Four Core Elements

A. ESG Culture and Commitment – BMO Private Equity believes the integration of ESG factors permeates throughout an organisation from the top down. The strategic importance and commitment to ESG was assessed through a number of metrics such as the sophistication of policies and procedures, adherence to broader industry standards and existence of ESG resource and training.

B. Investment Process – The extent to which ESG factors are embedded throughout the investment workflow from pre-acquisition

to exit. BMO Private Equity considered the degree to which processes were institutionalised, the significance of ESG-factors to investment decisions, the integration of formal frameworks and how ESG matters were formally analysed and debated within investment papers and committees.

C. Active Ownership – Active ownership goes beyond the mitigation of ESG risks and focuses upon the embedding of ESG opportunities within the value creation plan. BMO Private Equity evaluated its GPs on the extent to which they were driving positive ESG change, not just across their portfolio companies but also within their own firm.

D. Oversight and Reporting – BMO Private Equity believes that outcome oriented approaches are imperative to implement, monitor and drive positive ESG development. BMO Private Equity evaluated its GP's oversight and reporting capabilities through the breadth and sophistication of ESG-metrics monitored, tracked and reported. It also assessed the sophistication of manager's ESG case studies and Annual ESG Reports.

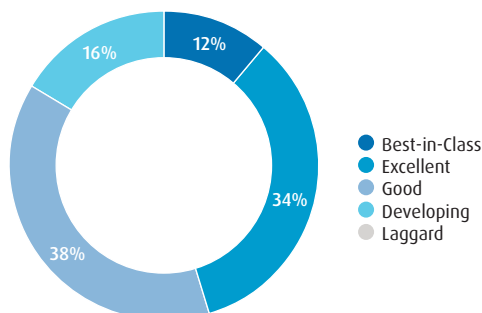
ESG Survey Ratings

Rating	Assessment
1	Best-in-class Market-leading commitment to ESG with robust, institutional policies and processes in place. The GP has firmly integrated ESG throughout the investment process, is an active owner in promoting ESG development and reports on ESG metrics.
2	Excellent Strong commitment to ESG with institutionalised policies and processes in place. The GP has integrated ESG throughout its investment process and has shown to be active in promoting some aspects of ESG. Tracks, monitors and reports on some ESG metrics or developing to do so over the short term.
3	Good Commitment to ESG demonstrated with some taken steps to integrate ESG, albeit not across the entire workflow (e.g. reporting). Processes institutionalised and the GP is motivated to improve with development underway.
4	Developing The GP demonstrated some commitment to ESG or has begun development on some ESG initiatives but lacks institutionalised processes.
5	Laggard The GP demonstrates little or no commitment to ESG and no willingness to develop or trending negatively.

Since March 2021, the Company will not invest with a new GP unless it has an ESG policy in place, or a clear intention to introduce one within six months.

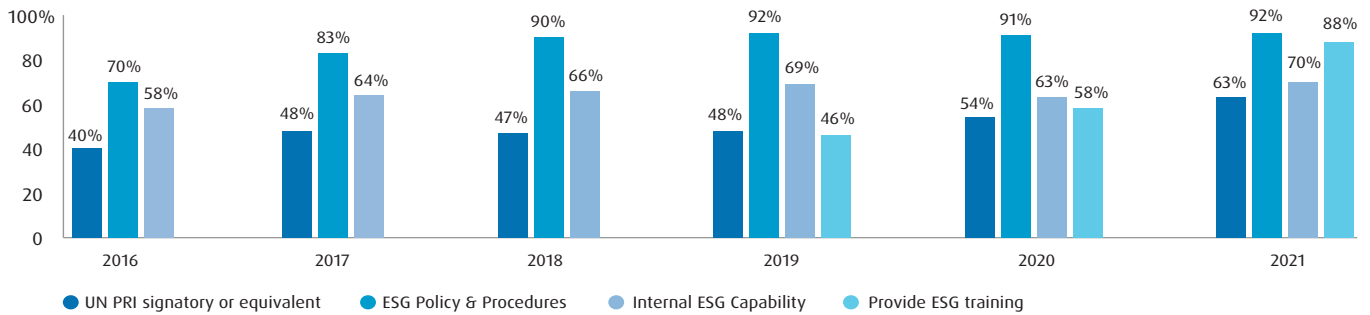
Survey Results

Overall Ratings



From a group of 60 managers, 84% were rated 'Good', 'Excellent' or 'Best-in-Class', up from 80% in 2020. None of the GPs were rated Laggard as all demonstrated a willingness to develop.

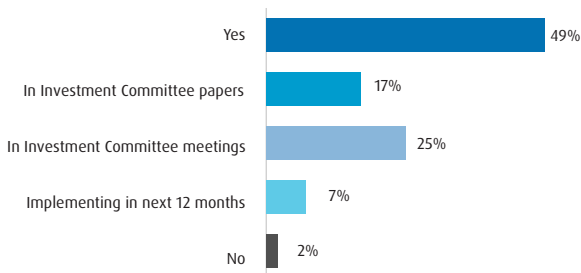
Core Element A: ESG Culture and Commitment Results



The vast majority of GPs now exhibit a strong ESG culture through formalised policies & procedures (92%) and staff training (88%).

Core Element B: Investment Process Results

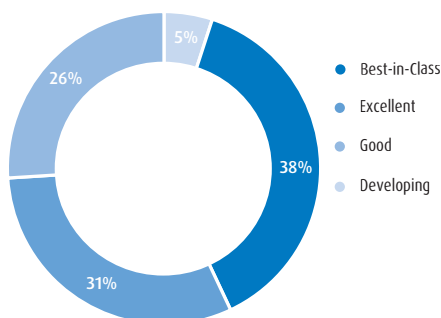
Are ESG factors formally analysed as part of due diligence processes, with output detailed within Investment Committee papers and discussed at Investment Committees?



Most respondents noted their due diligence suite now includes ESG-specific reports covering items such as labour standards or cyber security. Half of GP's outline their ESG analysis within their investment papers and discuss this as a standing agenda item within their Investment Committees.

Core Element C: Active Ownership Results

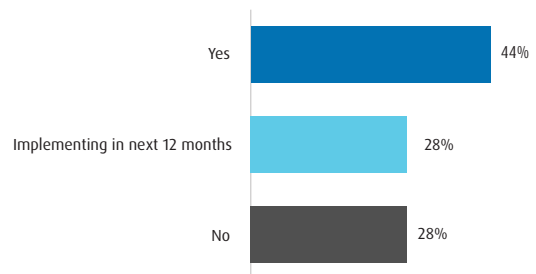
With a strong emphasis on stewardship, and close relationships between GPs and company management, private equity is naturally suited to responsible investment. BMO Private Equity believes that those recognising the importance of adapting to environmental and socio-economic factors will be better positioned to identify strategic opportunities, widen their competitive moat and sustain their advantage over the longer term. Responsible investment is also a marker of the operational excellence of the GP itself and typically demonstrates strong leadership and transparency. BMO Private Equity believes that on a company level, management who exhibit strong ESG credentials are more likely to be strategic thinkers, adhere to sound governance practices and engage their workforce – all of which culminates in lowering risk for shareholders.



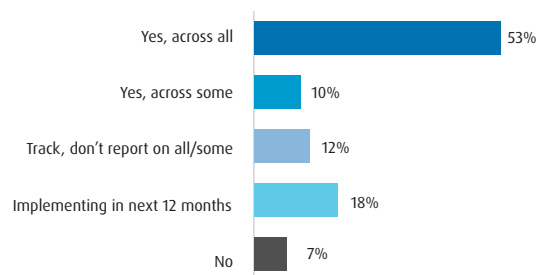
74% of respondents rank 'Good' to 'Best-in-Class' for Active Ownership.

Core Element D: Oversight and Reporting Results

Produce an Annual ESG Report



Track & report ESG related KPIs across their portfolios



In 2021, 75% of managers track surveyed ESG metrics and 63% report on these to investors. For context, only 40% of managers surveyed provided any such reporting in 2014.

Portfolio case studies

Summa Equity

Summa Equity have long been standout performers with regards to market leading ESG practices. The firm looks to use ESG for value enhancement, working to use sustainability as an anchor to improve operations of portfolio companies. The Sortera investment is a great example of this. Throughout the ownership period, Sortera displayed an impressive growth story with active value creation through a focus on sustainability. This resulted in Sortera becoming the 11th most sustainable B2B business in Sweden.



TDR Capital – Modulaire Group

Modulaire is a leader in European modular services and infrastructures, and provides tailored equipment, connectivity, and services for both private and public entities in need of modular space units and ancillary items. Having appointed an ESG & Sustainability Director at the company, TDR identified an opportunity for Modulaire to become a market leader in sustainability. Although



still in development, the steps Modulaire is taking to better understand the risks and opportunities of the transition to a low carbon economy are bringing measurable benefits to their customers, the environment, and the communities in which the business operates.

The circular nature of modular solutions means the units are fully reusable and flexible to ensure full utilisation, thus reducing waste over the long term. Useful life per unit can exceed 30 years, including 20 re-uses. Modulaire has established a circular, 'Loops within Loops' model which ensures most of the material used in the assembly of units has a long life, with little residual waste. An estimated 96% of material is recyclable and a typical modular space unit has half the carbon footprint of a traditional building.

Co-investments

BMO Private Equity believes that it is in an even stronger position to influence and drive ESG development within co-investments given that typically a larger stake is held in the business and a closer relationship to the GP and management team maintained. For the first time, BMO Private Equity has surveyed its co-investments on ESG matters. Similar to the GP funds survey, BMO Private Equity rate each of its co-investments from 1-5, Leader to Laggard across multiple ESG topics, trends and metrics to assess the businesses' commitment to ESG. Key results from this survey were:

Assessment	Rating
E Environmental Management	74% have taken action to reduce negative and promote positive environmental and social impacts
Climate change	21% track and monitor greenhouse gas emissions and 16% have net zero targets, of which 86% use carbon offsetting to help achieve these
Energy	16% track energy intensity and a further 14% are developing this capability over the next 12 months
Biodiversity	11% of relevant companies track and monitor their activities that negatively affect biodiversity and a further 19% are developing this capability over the next 12 months
Waste	19% track and monitor waste management KPIs and a further 19% are developing this in the next 12 months
Water	19% of relevant businesses monitor their activities that contribute to water pollution and a further 44% are developing in next 12 months
Sustainable supply chains	67% of companies consider sustainability issues in their selection of suppliers and/or contractors
S Diversity & Inclusion – Policies & reporting	47% have a diversity and inclusiveness policy in place and 51% are tracking diversity and inclusiveness KPIs
Diversity & Inclusion – Initiatives	51% have actively influenced the promotion of diversity and inclusion, particularly at senior level and 12% are working to collect LGBT data* in the next 12 months and promote relevant initiatives to support staff. (*Note the collection of this type of data is banned in some regions such as France which skews statistics)
Living Wage Employer	72% are an accredited Living Wage Employer
Staff training	88% have staff training and development programmes in place
Policies & procedures	84% adhere to a Code of Conduct or Code of Ethics
Board strength and effectiveness	67% have an independent Non-Executive Director sitting on the Board, of which 40% also have a separate Audit Committee or Remuneration Committee
G Active Ownership	65% include ESG matters as an agenda item at company Board meetings
Culture & commitment	21% of manager's performance formally evaluated with regards to social or environmental metrics
Oversight & reporting	44% track and monitor ESG KPIs specific to the business or sector and 26% are developing this capability over the next 12 months

These provide us valuable insight on where companies and management teams are focussing their efforts and where more attention may be required.

Key Performance Indicators

The Board recognises that it is longer term share price performance and a sustained flow of regular dividends that is most important to the Company's investors. Share price performance is driven by the performance of the net asset value and the demand for the Company's shares. The overriding priority is to continue to strive for the consistent achievement of long-term investment performance; adding value for Shareholders through net asset value and share price total return; the management of the Company's share price premium/discount; an attractive dividend; low and competitive ongoing charges; and effective marketing. The Board assesses its performance in meeting the Company's objective against the following key performance indicators ("KPIs"):

1. Net asset value per share total return
2. Share price total return
3. Premium / (discount) to net asset value
4. Dividends declared
5. Ongoing charges

Information in relation to these KPIs is set out in the tables below. Commentary can be found in the Chairman's Statement and the Investment Manager's Review.

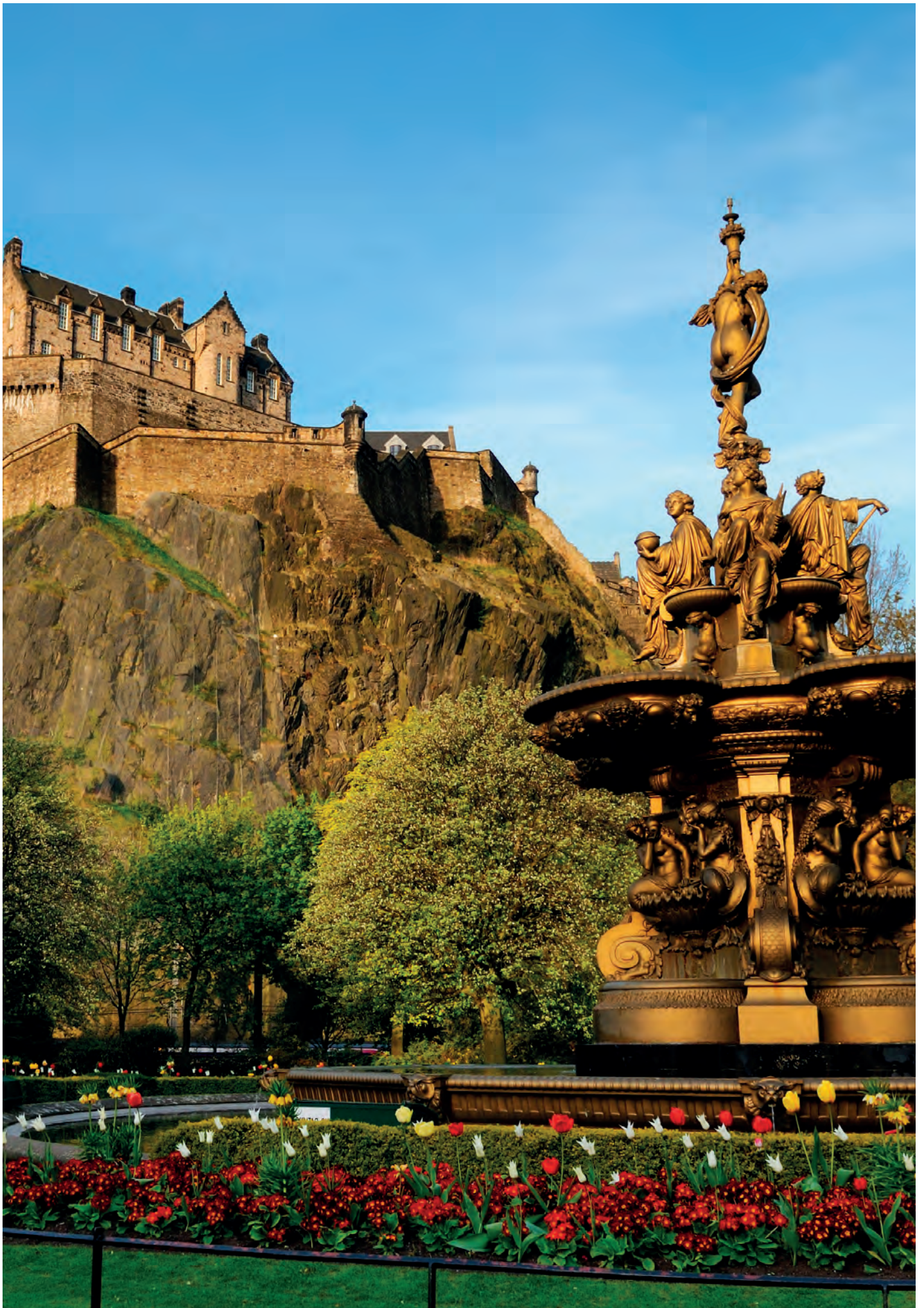
Total return performance				
	1 Year %	3 Years %	5 Years %	
BMO Private Equity Trust net asset value per share total return [†]	+35.8	+84.3	+118.9	This is used to measure the performance of the manager in terms of growth of the Company taking account of dividends paid to shareholders.
BMO Private Equity Trust share price total return [†]	+66.2	+76.3	+104.7	This is used to measure the return to shareholders in terms of share price growth and dividends received.

Share price premium/(discount) as at 31 December				
	2021 %	2020 %	2019 %	
Premium/(discount) [†]	(23.6)	(36.8)	(8.8)	This is the difference between the share price and the NAV per share. It is an indicator of excess supply over demand for the Company's shares in the case of a discount and the excess demand over supply in the case of a premium.

Dividends per share during the year ended 31 December				
	2021	2020	2019	
Dividend per share	20.04p	16.13p	15.33p	
Yield [†]	4.1%	5.2%	4.1%	

Ongoing charges as at 31 December (as a percentage of shareholders funds)				
	2021 %	2020 %	2019 %	
Ongoing charges – excluding performance fees [†]	1.2	1.3	1.2	This is a measure of the cost of running the Company as a percentage of net assets. It can give an indication of cost efficiency over time and can be compared to the ongoing charges of competitor investment vehicles.
Ongoing charges – including performance fees [†]	2.3	2.2	1.9	

[†] Alternative performance measures defined on pages 75 and 76.



Investment Manager



Hamish Mair is Managing Director, Head of Private Equity at BMO Global Asset Management and the fund manager of BMO Private Equity Trust PLC. He has over 30 years of investment experience of which over a quarter of a century are in private equity. He has been head of Private Equity at BMO GAM since inception and oversees all the funds it manages. Hamish was a director of Martin Currie Investment Management between 1996 and 2005. He began his career as an investment analyst with Robert Fleming Asset Management in 1988. Hamish is a graduate of Aberdeen University and Edinburgh University. Hamish chairs the investment committee of Old College Capital, the venture capital fund which holds 'spin-outs' from Edinburgh University.



Richard Nairn is a director in the private equity funds team at BMO Investment Business Limited. He has 20 years of investment experience, including 15 years in private equity. He joined the private equity team in 2006. Richard was previously corporate finance manager at Intelli Corporate Finance between 2001 and 2006. He trained as a chartered accountant with PricewaterhouseCoopers. Richard is a graduate of Edinburgh University and spent a year at the Gothenburg Business School in Sweden.



Andrew Carnwath is a director in the private equity funds team at BMO Investment Business Limited. He has 13 years of investment experience in private equity. He is a former member of the private equity team (2008-2013) and re-joined the team in 2018. From 2013 to 2018 Andrew was a Principal at Scottish Equity Partners LLP, a UK based private equity firm, where his responsibilities included the co-management of an energy focussed secondary fund. He is a chartered accountant and CFA Charterholder. Andrew is a graduate of Edinburgh University.

Investment Manager

BMO Private Equity Trust PLC is managed by BMO Investment Business Limited, a wholly-owned subsidiary of BMO Global Asset Management (Europe) Ltd ("BMO GAM"). BMO GAM is a leading asset manager in both the UK and Europe and provides investment management and other services to a range of investment trust clients.

BMO GAM is owned by Columbia Threadneedle UK International Limited and is part of the Ameriprise Financial, Inc group of companies.

Scott McEllen represents BMO GAM as Company Secretary and is responsible for the Company's statutory compliance. He joined BMO Asset Management in 2007.

Investment Manager's Review



Hamish Mair, Fund Manager

Introduction

2021 has been an outstanding year for the Company with the NAV total return of 35.8% following a 22.7% return in 2020. The 10 year NAV total return is 14.1% p.a. and the NAV total return since the Company was established nearly 23 years ago is 11% p.a. 10 and 23 year total returns for the stock market as represented by the FTSE All-Share Index are 7.7% p.a. and 5.2% p.a. respectively. Over the long term your Company has returned approximately double the annual return that could have been achieved by investment in the stock market.

The principal drivers of this year's returns have been ongoing recovery from the pandemic and an exceptionally strong flow of realisations across the breadth of the portfolio. Whilst there was clearly some catch up with deals postponed from the previous year, there has also been a genuine increase in the proportion of investment capital allocated towards private equity in general and this has underpinned the strong market. Your portfolio is composed of companies which are operating in markets where there is secular growth and who are led by highly competent management teams. Experience suggests that those companies and managers who have coped well with the challenges of the pandemic will also cope well with other problems. Since the end of the year inflationary pressures have become more acute and these have been exacerbated by the recent invasion of Ukraine by Russia which is likely to lead to more extensive pressures for many companies. We have no direct exposure to Russia or Ukraine, but we are monitoring the knock-on effects in the region and the continent generally. It remains to be seen how the private equity investment environment will be impacted. As with the pandemic, a very well diversified portfolio is our first line of defence.

New Investments

Dealflow has been excellent both for funds and co-investments. After a quieter period for new investments last year, 2021 saw a substantial return to normality albeit that for most of the year face to face meetings have been very limited. The new fund commitments were in every case to management groups whom we know well and have invested with before. We do however remain very much open to backing new funds managed by emerging private equity managers. All the fund commitments are to funds which we first backed when they were emerging managers.

The largest commitment of £10 million was to one of our most important and longstanding relationships, Inflexion Buyout Fund VI. This principally UK focussed fund now also makes selective investments in Northern Europe. We have backed consumer brands specialist Piper in its Fund VII with a £7.5 million commitment. We have also backed growth equity manager FPE in its Fund III with a £7.5 million commitment. FPE specialise in UK mid-market investing in B2B software and services. We continue our successful involvement with our longest standing growth equity investment partner SEP in its Fund VI with a £10 million commitment.

We have invested in two funds which cover Europe generally. Apposite Healthcare Fund III (£5 million) is focussed on lower mid-market healthcare and life sciences. We have co-invested with them on a number of occasions. Agilitas 2020 Private Equity Fund (£5 million) is a mid-market specialist focussing on North West Europe. We have co-invested with them also. ArchiMed MED III (£5 million) is a France based mid-cap healthcare buyout fund investing into well-established profitable companies across six healthcare sectors internationally; Medtech, Biopharma, Healthcare IT, Diagnostics, Life Sciences and Consumer Health.

The Nordic region has performed well for us and we have a fresh commitment there. Vaaka IV (€6 million) is a Finland focussed lower mid-market buyout fund.

Our dealflow in co-investments is strong with many opportunities to invest directly in private companies alongside experienced private equity managers whom we know and trust. Co-investments account for 43% of the current portfolio. The investment guidelines allow us to invest up to 50% of the portfolio in co-investments. As holdings are realised we replace them with new investments. These are typically lower mid-market buyouts or growth equity investments in companies with strong management experiencing secular growth often in niche sectors. Nine new co-investments were made during the year. These are diverse by sector, geography and lead manager.

£3 million has been invested into Habitus, a Denmark based leading private provider of complex social care services for high acuity citizens. The deal is led by Apposite.

£5 million has been invested in JT IoT, the Jersey based 'internet of things' infrastructure provider. The company, which is a spin out from the state-owned Jersey Telecom, provides SIMs to a wide range of devices together with a platform that allows connectivity and

subscription management services as well as securely connecting IoT devices and controlling SIMs anywhere in the world. The deal is led by the specialist family office backed private equity firm Perwyn.

€5 million has been invested in Prolenium Medical Technologies, a Canadian aesthetic company that develops, produces and distributes injectable hyaluronic acid dermal fillers. The deal is led by ArchiMed.

€3.4 million has been invested in Contained Air Solutions, the UK market leading producer of clean air containment products for the healthcare, research and pharma sectors. Based in Manchester, it manufactures and services biological safety cabinets, fume cupboards, robotic enclosures and filter consumables. The deal is led by new private equity manager Accord.

£5 million has been invested in Omlet, the market leading direct to consumer chicken coop and pet accessories company. This company has grown substantially over the last 15 years entirely through its e-commerce offering within established international markets which are poised for further growth.

C\$3.5 million has been invested into Pathfactory, a Toronto headquartered SaaS-based marketing content automation platform, which allows B2B marketers to deliver personalised relevant content experiences to B2B buyers throughout their buying journey.

£5 million has been invested in Orbis, the Wales based leading provider of residential and education services for high acuity children and adults. August Equity, the lead on the deal, have been invested since 2016 but believe that there is considerable further growth in prospect and so have transferred the investment into its current fund and a new SPV.

\$1.7 million has been invested in Vero Biotech, an American company which has developed a novel device to supply Nitric Oxide which is used to treat severe pulmonary hypertension in new born babies and adults following cardiac surgery. The Nitric Oxide helps to relax the blood vessels in the lungs and thereby increases blood supply, decreases blood pressure and improves oxygenation, all of which are potentially lifesaving. The device is the first FDA-approved 'tankless' system which generates Nitric Oxide through disposable cassettes. This has a number of advantages over the existing heavy tanks. The deal is led by MVM, the life sciences specialists with whom we have invested on a number of occasions over the years.

£5 million has been invested in 1MED, a contract research organisation (CRO) providing regulatory strategy, clinical trial management and quality assurance services primarily to the medical device market. The market growth is driven by increased regulation to ensure patient safety. The company is based in Switzerland. The deal is led by Apposite.

The funds in our portfolio have been typically active in making new investments throughout the year. These have been into a greatly varied range of companies selected by our investment partners in different geographies and sectors. In common with the co-investment portfolio, there is a strong representation for technology and technology enabled business and for those with healthcare applications. Some of the larger drawdowns illustrate this.

Inflexion has made several new investments during the year. These included £0.9 million for Digital Wholesale Solutions (DWS) an IT and cloud services wholesaler. FPE invested £0.6 million in Codestone (ERP and hosting services) and £0.5 million in Zest (employee benefits software). SEP invested £0.5 million in Tyk (Application Programming



Weird Fish

Interfaces software). Apposite invested £0.9 million in CrestOptics (advanced systems for fluorescence and confocal microscopy used in biological and medical research). In Slovenia ARX CEE IV invested £0.5 million in Instrumentation Technologies (components for particle accelerators). In the USA Blue Point Capital IV invested £0.6 million in Transtar (distributor of automotive aftermarket parts).

New investment for 2021 has totalled £83.2 million.

Since the start of 2022 the pace of investment has kept up with two new fund commitments and three new co-investments so far.

In the Nordics we have backed sustainability focussed private equity fund Summa III with a €7 million commitment.

We have committed \$14 million (£10 million) to financial services specialist Corsair VI. The fund invests in mid-market buyouts across North America and Europe. Previously we have invested alongside their earlier fund in Italy based insurance software company RGI.

We have made a co-investment of €3.3 million (£2.8 million) alongside Italy based Augens Capital in Bomaki, a Milan based chain of Brazilian themed Sushi restaurants.

We have invested \$10 million (£7.8 million) in Aurora Payments Solutions, a Texas based digital payments processor, in a deal led by Corsair.

Lastly, we have invested £3.9 million alongside Chiltern Capital in Perfect Image, an IT services group servicing the UK SME sector.

Realisations

The strong flow of realisations continued throughout the year with the total of realisations for 2021 reaching £161.4 million. This is more than four times the total received in 2020. The realisations in 2021 were at an aggregate premium to the valuation in the prior quarter of 32%. This is a reminder that the valuation methodology of private equity is conservative. The average money multiple of the realisations was 4.4x cost and the IRR was 39%. These are well above what we would usually regard as satisfactory. 50% of realisations were through sales to other private equity, 43% to trade or strategic buyers and 7% through IPO.

Our co-investment portfolio was a significant contributor to the realisation total, as would be expected.

Earlier in the year we benefitted from the excellent sale of the SEP led investment in Dotmatics (software for the pharmaceutical, science and academic sectors) which returned in total £33.9 million (8.7x cost, 85% IRR) across the fund and co-investment position, a spectacular success. We continue to hold a small portion following a 12% rollover of the equity. We also received £19.8 million from the Inflexion led co-investment in builders merchant Huws Gray on its exit, including the portion held within the Inflexion funds. Our co-investment in the TRG led large format pet retailer Pet Network was exited returning £16.3 million (4.2x cost, 54% IRR).

We have also had some partial realisations from our co-investment portfolio. Cleanroom consumables company STAXS, which is led by Silverfleet, has so far returned £2.5m or 90% of cost via a refinancing. Subsea equipment rental and solutions company Ashtead Technology has been partially realised through a floatation on AIM on 23 November 2021 which enabled c.26% of the holding to be realised with £4.2 million returned in cash representing 53% of invested capital with a money multiple and IRR to date of 2.3x and 18%. The deal is led by Buckthorn who will continue to hold the remainder for the time being. Calucem, the Croatia based manufacturer of calcium aluminate cement, has been sold by Ambienta achieving a money multiple of 1.9x and an IRR of 13%. The first instalment of £3.2 million came in before the year end with a further £2.5 million expected shortly. Our investment in Norwegian software company Safran was realised returning £1.7 million which was lower than expected at just 1.2x cost and 2.7% IRR.

In addition to these co-investment realisations there were many exits from our funds portfolio. A few of the larger exits showcase the successes of our investment partners.

The largest individual realisation from the funds portfolio was from the exit of temporary buildings company Modulaire Group by TDR Capital. The company was sold to Canada based investor Brookfield and our share of the return was £8.1 million (1.6x cost, IRR 8%). This investment, which started as Algeco, has been in the portfolio in some form since 2007. There has been a substantial build up of the business which ultimately had a fleet of 290,000 units and was generating an EBITDA of €424 million.

Inflexion have had an outstanding year with many realisations across their range of funds. The sales of testing and inspection services provider British Engineering Services (£2.1 million; 14.8x cost, 60% IRR), insurance broker Bollington Wilson (£0.9 million; 5.1x cost, 50% IRR), agricultural and animal data services provider Kynetec (£1.0 million; 3.3x cost, 28% IRR) and investment consultancy LCP (£0.6



Habitus

million; 3.4x cost, 34% IRR) were earlier exits. The series of exits has continued with Inflexion Partnership Capital and Supplemental Fund IV selling veterinary practices chain Medivet returning £1.0 million (3.3x cost, 25% IRR). Inflexion Enterprise IV and Supplemental Fund IV exited optical transceivers manufacturer Halo returning £2.1 million (6.0x cost, 53% IRR).

FPE had an excellent run of exits with software business TNP (£1.5 million; 5.6x, 76%), data provider for the drinks industry IWSR (£1.0 million; 3.6x, 56%) and testing and assessment software Questionmark (£1.2 million; 3.5x, 28%).

There have been other strong exits from the growth equity and venture capital element of the portfolio. Pentech Fund II, which earlier in the year returned £1.5 million from sports betting company Fanduel, also sold Nutmeg, Europe's fastest growing wealth manager returning £1.1 million (12.8x cost, 34% IRR). Lastly the final remaining holding in the Alta Berkeley Fund VI, high performance software company Teradici, was sold to HP returning £1.2 million (4.0x cost, 10% IRR). This completes this fund after 20 years.

Our other UK Funds also produced many notable exits. August Equity III sold Orbis, as noted above, returning £1.0 million (4.0x cost, 32% IRR). We remain involved through the co-investment and through AEP V. Horizon Capital 2013 sold digitally enabled facilities manager Bellrock returning £1.0 million (3.0x cost, 16% IRR). Dunedin Capital II sold U-Pol the automotive refinishes products company returning £1.5 million (4.4x, 16% IRR).



Ashtead

There has been considerable activity in the Nordic component of the portfolio. Procuritas V exited furniture seller Sofaco (£2.1 million; 6.1x, 54%), climate control solutions provider Dantherm (£1.7 million; 5.6x cost, 37% IRR) and Finland based building management company Fidelix (£0.7 million, 4.0x cost, 30% IRR). Their later fund Procuritas VI sold plagiarism detection software company Ouriginal (£1.3 million, 5.8x cost, 68% IRR). Procuritas V also returned £1.3 million from the partial exit of vehicle parts company Pierce which is now listed on the Stockholm stock exchange. Summa I exited antibodies and antigens production company Hytest (£1.7 million, 5.0x cost, 79% IRR) and environmental services provider Sortera (£1.1 million, 8.1x cost, 82% IRR).

In Iberia Corpfin IV exited Secna Natural Ingredients (£1.1 million, 4.4x, 35% IRR). In France Astorg VI sold on street parking payments solutions company Flowbird with proceeds of £0.8 million (1.4x cost 6% IRR). This company had been held back by lockdown. In Germany DBAG VI exited prisoner communications company Telio (£0.6 million, 1.8x cost, 13% IRR) and DBAG VII and VIIB achieved a partial realisation of Blikk, the radiology provider for ambulant and stationary products (£0.8 million, 2.1x cost, 37% IRR).

In the US, Graycliff returned £2.3 million from the sale of PebbleTec, the swimming pool finishes company. This represents an excellent 9.0x cost and 112% IRR. This company saw strong demand through the pandemic when spend on home improvements increased. Also in the USA Blue Point III exited Fire and Safety America with proceeds of £1.2 million (2.8x cost, 28% IRR).

The portfolio has delivered excellent realisations across a wide range of geographies and sectors with many outstanding results which have in most cases substantially exceeded the original plans.

Valuation Changes

There were many valuation uplifts during the year. As noted, realisations and improved trading were the principal drivers of these changes. There has also been some multiple expansion reflecting re-rating of certain sectors. Notable uplifts include Huws Gray (+£9.8 million), Weird Fish (+£9.4 million), Pet Network (+£7.9 million), Inflexion Strategic Partners (+£6.8 million) and Ashtead (+£6.2 million). There have been very few significant downgrades in valuation and some of these are in funds where the long term progress is fine. Examples include Inflexion 2012 Co-Invest Fund (-£0.7 million), Avallon MBO Fund III (-£0.5 million) and NEM Impresse III (-£0.4 million).

Outlook

The recovery from the pandemic and the resilience of the private equity sector has been the dominant theme of 2021. A strong subordinate theme has been that appetite to invest in private equity internationally grows and this has been a factor behind the surge in realisations. Large funds, the prime recipients of the new capital, source much of their dealflow from mid-market funds which comprise nearly all of our portfolio. Private Equity is a long term asset class and commitments made last for years so we should not expect this trend to change in the near term. Indeed, recent performance, which builds on a long term successful track record for the asset class, will tend to reinforce this trend. The private equity model of investment management and its attractions as a means of financing smaller and medium sized enterprises continues to gain acceptance internationally. The vendors of companies and their management increasingly understand the substantial benefit that private equity can bring to their companies which goes far beyond merely appropriately priced capital. The results from our portfolio where many private equity markets aside from the US and UK have delivered truly excellent returns attest to the success of European private equity in general as well as the specific judgements of our investment partners.

Looking forwards the repercussions of the Russian military invasion of Ukraine will influence the investment environment for everyone with the private equity sector being no exception. Our direct exposure to the combatants' geographies is nil but experience suggests that second and third order impacts will feed through to consumer and corporate behaviour and decision-making in due course. Inflation, which was already rising, is likely to be higher for longer and this will colour investment decisions. After an exceptional year it is likely that the pace of investment activity will moderate, however we remain confident that the proven abilities of our investment partners to achieve excellent returns will result in further growth for our shareholders over the long term.

Hamish Mair

Investment Manager
BMO Investment Business Limited

7 April 2022

Portfolio Summary

Portfolio Distribution As at 31 December 2021		
	% of Total 2021	% of Total 2020
Buyout Funds – Pan European*	9.6	10.0
Buyout Funds – UK	19.4	18.3
Buyout Funds – Continental Europe†	19.8	19.3
Secondary Funds	0.3	0.3
Private Equity Funds – USA	4.0	3.3
Private Equity Funds – Global	0.6	0.7
Venture Capital Funds	2.9	3.5
Direct – Quoted	0.1	–
Direct – Investments/Co-investments	43.3	44.6
	100.0	100.0

* Europe including the UK.

† Europe excluding the UK.

Ten Largest Holdings As at 31 December 2021		
	Total Valuation £'000	% of Total Portfolio
Inflexion Strategic Partners	19,674	4.1
Weird Fish	15,829	3.3
Sigma	14,835	3.1
August Equity Partners IV	12,901	2.7
TWMA	12,349	2.6
Ashtead	12,241	2.4
Coretrax	11,760	2.4
Aliante Equity 3	10,733	2.2
Ambio Holdings	10,641	2.2
Volpi Capital	10,214	2.1
	131,177	27.1

Top Ten Holdings

Inflexion Strategic Partners

Investment type:	Buyout funds - UK	31 December	31 December
Region:	UK	2021	2020
Valuation basis:	Percentage of fund value	£'000	£'000
<p>In December 2019, the Company completed an investment into Inflexion Strategic Partners (ISP). ISP is a limited partnership which holds interests in past and future Inflexion funds, related entities, limited partnerships and co-investments. The investment of £10m complements our existing diverse and longstanding exposure to Inflexion's funds and gives us an even closer alignment with arguably the leading mid-market private equity specialist in the UK.</p>			
		Residual cost	9,657
		Value	13,326

Weird Fish

Investment type:	Direct investment	31 December	31 December
Region:	UK	2021	2020
Valuation basis:	Percentage of co-investment value	£'000	£'000
<p>The Company has committed £6.2m to an investment in Weird Fish, a UK premium lifestyle clothing brand serving men, women and children, with a core focus on the 'stable and affluent' 35-55 age demographic. The investment is led by Total Capital Partners, a lower mid-market manager investing both debt and equity.</p>			
		Residual cost	5,151
		Value	6,437

Sigma

Investment type:	Direct Investment	31 December	31 December
Region:	USA	2021	2020
Valuation basis:	Percentage of co-investment value	£'000	£'000
<p>The Company has committed \$7.8m to an investment in Sigma, a leading manufacturer of metal castings, precision machined components and sub-assemblies for the US low voltage electrical product market. It is the global leader by market share in electrical fittings, weatherproof boxes and power transmission and distribution cut-outs and connectors. The investment is led by Argand Partners, a US value investor focussed on the mid-market.</p>			
		Residual cost	6,436
		Value	13,427

August Equity Partners IV

Investment type:	Buyout Fund	31 December	31 December
Region:	UK	2021	2020
Valuation basis:	Percentage of fund value	£'000	£'000
<p>In April 2016, the Company committed £10m to August Equity Partners IV, the fourth in the series of funds managed by August Equity Partners. The Company has committed to all three previous August Equity funds. AEP IV targets investments in four core sectors: healthcare, social care, educational services and technology enabled services in the UK.</p>			
		Residual cost	8,044
		Value	9,193

TWMA

Investment type:	Direct investment	31 December	31 December
Region:	UK	2021	2020
Valuation basis:	Percentage of co-investment value	£'000	£'000
<p>The Company has committed £9.7m to TWMA, a drilling waste management solutions provider. It has successfully pioneered and established a fully comprehensive management solution for Offshore Services, Onshore Services, Waste Handling & Transfer Services and Environmental Solutions. The group's revenues are generated from treating and handling offshore oil and gas drill cuttings and slops which must be removed efficiently and safely from the drilling process, treated and disposed of.</p>			
		Residual cost	8,238
		Value	7,574

Top Ten Holdings

Ashtead

Investment type:	Direct Investment	31 December	31 December
Region:	Global	2021	2020
Valuation basis:	Percentage of co-investment value	£'000	£'000
The Company has committed £7.7m to an investment in Ashtead Technology, a global rental and service provider of advanced subsea tools and systems for the global offshore energy industry. Ashtead Technology's solutions are applicable across a broad range of markets, including the oil and gas and renewable energy sectors, and are used in the inspection, maintenance and repair of field assets. The investment is led by Buckthorn, an emerging UK based private equity manager established to invest on a deal by deal basis.			
		Residual cost	7,777
		Value	10,212

Coretrax

Investment type:	Direct investment	31 December	31 December
Region:	UK	2021	2020
Valuation basis:	Percentage of co-investment value	£'000	£'000
The Company has committed £8.2m to an investment in Coretrax, a provider of well integrity product and services crucial to the responsible and efficient end of life well operations in the North Sea, Middle East (Saudi Arabia and Abu Dhabi) and Malaysia. The investment is led by Buckthorn, an emerging UK based private equity manager established to invest on a deal by deal basis.			
		Residual cost	7,607
		Value	11,514

Aliante Equity 3

Investment type:	Buyout fund - Continental Europe	31 December	31 December
Region:	Italy	2021	2020
Valuation basis:	Percentage of fund value	£'000	£'000
Aliante III is the third vehicle raised by Aliante, an independent Italian private equity manager that focuses on lower mid-market investments predominately in the Italian food and beverage sector. Aliante III was raised in late 2011 and is unusually structured as an Italian corporate. In February 2015, the Company committed €4m.			
		Residual cost	3,237
		Value	9,883

Ambio Holdings

Investment type:	Direct investment	31 December	31 December
Region:	USA	2021	2020
Valuation basis:	Percentage of co-investment value	£'000	£'000
In October 2014, the Company invested \$6 million in Ambio Holdings, a new Delaware company established to hold 100% of the shares and assets of both AmbioPharm and Ambio which were merged as part of a deal constructed by MVM, a London/Boston based private equity manager which focuses on life science investments in Europe and the US. AmbioPharm is a profitable pharmaceutical contract manufacturing business, and Ambio is a drug development company focused on high-value complex generic pharmaceuticals.			
		Residual cost	-
		Value	9,672

Volpi Capital

Investment type:	Buyout Fund	31 December	31 December
Region:	Northern Europe	2021	2020
Valuation basis:	Percentage of fund value	£'000	£'000
Volpi Capital is a Northern and Western European focused buyout firm focusing on investments in the information and tech-enabled services space. It invests in companies with enterprise values between €50 million and €200 million. The Company committed €7m to this fund, which closed at €187m in April 2018.			
		Residual cost	5,394
		Value	8,324




Portfolio Holdings

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Buyout Funds – Pan European			
Volpi Capital	Northern Europe	10,214	2.1
Apposite Healthcare II	Europe	7,782	1.6
Astorg VI	Western Europe	6,163	1.3
Stirling Square Capital II	Europe	5,570	1.1
Apposite Healthcare III	Europe	4,952	1.0
Agilitas 2015 Fund	Northern Europe	4,194	0.9
ArchiMed II	Western Europe	4,090	0.8
Silverfleet European Dev Fund	Europe	2,923	0.6
TDR II Annex Fund	Western Europe	270	0.1
TDR Capital II	Western Europe	259	0.1
ArchiMed MED III	Global	2	-
Total Buyout Funds – Pan European		46,419	9.6
Buyout Funds – UK			
Inflexion Strategic Partners	United Kingdom	19,674	4.1
August Equity Partners IV	United Kingdom	12,901	2.7
Inflexion Buyout Fund IV	United Kingdom	5,401	1.1
Inflexion Supplemental V	United Kingdom	4,548	0.9
Inflexion Buyout Fund V	United Kingdom	4,420	0.9
Primary Capital IV	United Kingdom	4,114	0.9
GCP Europe II	United Kingdom	4,090	0.9
Piper Private Equity VI	United Kingdom	3,779	0.8
Inflexion Enterprise Fund IV	United Kingdom	3,520	0.7
Apiary Capital Partners I	United Kingdom	2,877	0.6
Kester Capital II	United Kingdom	2,821	0.6
Inflexion 2010 Fund	United Kingdom	2,804	0.6
Inflexion Supplemental IV	United Kingdom	2,795	0.6
Horizon Capital 2013	United Kingdom	2,750	0.6
RJD Private Equity Fund III	United Kingdom	2,628	0.5
FPE Fund II	United Kingdom	2,299	0.5
Inflexion Partnership Capital I	United Kingdom	2,101	0.4
August Equity Partners V	United Kingdom	2,074	0.4
Dunedin Buyout Fund II	United Kingdom	2,064	0.4
Inflexion Partnership Capital II	United Kingdom	2,057	0.4
Inflexion 2012 Co-Invest Fund	United Kingdom	1,446	0.3
Inflexion Enterprise Fund V	United Kingdom	1,383	0.3
Piper Private Equity V	United Kingdom	1,001	0.2
August Equity Partners III	United Kingdom	5	-
Total Buyout Funds – UK		93,552	19.4
Buyout Funds – Continental Europe			
Alliante Equity 3	Italy	10,733	2.2
Bencis V	Benelux	8,507	1.8
Verdane Edda	Nordic	4,880	1.0
Procuritas Capital IV	Nordic	4,862	1.0
Summa II	Nordic	4,587	0.9
DBAG VII	DACH	4,524	0.9
Vaaka Partners Buyout Fund III	Finland	4,505	0.9
Corpfin Capital Fund IV	Spain	4,359	0.9
Capvis III CV	DACH	4,138	0.9
Italian Portfolio	Italy	3,918	0.8
Montefiore IV	France	3,722	0.8
Procuritas VI	Nordic	3,569	0.7
Chequers Capital XVII	France	3,441	0.7
ARX CEE IV	Eastern Europe	3,238	0.7
Procuritas Capital V	Nordic	2,697	0.6
Summa I	Nordic	2,637	0.5
Chequers Capital XVI	France	2,076	0.4
DBAG Fund VI	DACH	2,075	0.4
NEM Imprese III	Italy	2,066	0.4
Capvis IV	DACH	1,921	0.4
Vaaka II	Finland	1,886	0.4
Avallon MBO Fund II	Poland	1,289	0.3
Ciclad 5	France	1,286	0.3
Portobello Fund III	Spain	1,256	0.3
Avallon MBO Fund III	Poland	1,178	0.2
Montefiore V	France	989	0.2
DBAG VIII	DACH	980	0.2
DBAG VIII	DACH	906	0.2
Corpfin V	Spain	891	0.2
PineBridge New Europe II	Eastern Europe	779	0.2
Ciclad 4	France	744	0.2
DBAG Fund V	DACH	423	0.1
DBAG VIII B	DACH	282	0.1
Gilde Buyout Fund III	Benelux	88	-
N+1 Private Equity Fund II	Iberia	61	-
Capvis III	DACH	50	-
Herkules Private Equity III	Nordic	6	-
Total Buyout Funds – Continental Europe		95,549	19.8

	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Investment			
Private Equity Funds – USA			
Blue Point Capital IV	North America	7,434	1.5
Graycliff III	United States	3,381	0.7
Blue Point Capital III	North America	2,269	0.5
Camden Partners IV	United States	2,397	0.5
Stellex Capital Partners	North America	1,875	0.4
Graycliff IV	North America	1,337	0.3
HealthpointCapital Partners III	United States	436	0.1
Blue Point Capital II	North America	249	-
Total Private Equity Funds – USA		19,378	4.0
Private Equity Funds – Global			
PineBridge GEM II	Global	1,561	0.3
F&C Climate Opportunity Partners	Global	746	0.2
AIF Capital Asia III	Asia	367	0.1
PineBridge Latin America II	South America	116	-
Warburg Pincus IX	Global	83	-
Total Private Equity Funds – Global		2,873	0.6
Venture Capital Funds			
SEP V	United Kingdom	8,381	1.7
MVM V	Global	2,434	0.5
SEP IV	United Kingdom	1,533	0.3
Pentech Fund II	United Kingdom	867	0.2
Life Sciences Partners III	Western Europe	519	0.1
SEP II	United Kingdom	369	0.1
Environmental Technologies Fund	Europe	62	-
Alta Berkeley VI	Europe	59	-
SEP III	United Kingdom	44	-
Total Venture Capital Funds		14,268	2.9
Direct – Quoted			
Antero	Global	276	0.1
Laredo Petroleum	USA	24	-
Total Direct – Quoted		300	0.1
Secondary Funds			
The Aurora Fund	Europe	1,308	0.3
Total Secondary Funds		1,308	0.3
Direct – Investments/Co-investments			
Weird Fish	United Kingdom	15,829	3.3
Sigma	United States	14,835	3.1
TWMA	United Kingdom	12,349	2.6
Ashtead	United Kingdom	12,241	2.4
Coretrax	United Kingdom	11,760	2.4
Ambio Holdings	United States	10,641	2.2
San Siro	Italy	10,073	2.1
STAXS	Netherlands	9,403	1.9
Jollyes	United Kingdom	8,517	1.8
AccuVein	United States	6,375	1.3
Swanton	United Kingdom	6,254	1.3
Avalon	United Kingdom	6,234	1.3
1Med	Switzerland	5,885	1.2
JT IoT	United Kingdom	5,750	1.2
Amethyst Radiotherapy	Europe	5,617	1.2
A TEC (CETA)	United Kingdom	5,102	1.1
Omlet	United Kingdom	5,027	1.1
Agilico (DMC Canotec)	United Kingdom	4,919	1.0
Cyberhawk	United Kingdom	4,827	1.0
Contained Air Solutions	United Kingdom	4,463	0.9
Prollenium	North America	4,312	0.9
RGI	Italy	4,149	0.9
Orbis	United Kingdom	4,143	0.9
Dotmatics	United Kingdom	4,121	0.8
Rosa Mexicano	United States	3,729	0.8
Tier1 CRM	Canada	3,600	0.7
Walkers Transport	United Kingdom	3,529	0.7
Collingwood Insurance Group	United Kingdom	3,241	0.7
Habitus	Denmark	3,164	0.6
Babington	United Kingdom	2,596	0.5
Calucem	Croatia	2,547	0.5
PathFactory	Canada	2,045	0.4
Vero Bioscience	United States	1,276	0.3
TDR Algeco/Scotsman	Europe	406	0.1
Stone Computers	United Kingdom	282	0.1
Pet Network	Eastern Europe	159	-
Total Direct – Investments/Co-investments		209,400	43.3
Total Portfolio		483,047	100.0

Principal Risks

The Board has carried out a comprehensive robust assessment of the principal risks as well as a thorough process for the identification of emerging risks and has reviewed the uncertainties that could threaten the Company's success.

Principal Risks	Mitigation	Actions taken in the year
<p>Economic, macro and political External events such as global financial/political instability including terrorism, war, climate change, disease including pandemics, protectionism, inflation or deflation, economic shocks or recessions, the availability of credit and movements in interest rates could affect share prices and the valuation of investments.</p> <p> No change in overall risk in year</p>	<p>Each regular meeting of the Board provides a forum to discuss with the Managers the general economic environment and to consider any impact upon the investment portfolio and objectives.</p> <p>The investment portfolio is diversified across end markets and regions.</p>	<p>Since the onset of the COVID-19 pandemic detailed stress testing, cashflow and valuation modelling has been undertaken by the Manager and presented to Directors at Board meetings.</p>
<p>Liquidity and capital structure: Failure by the Company to meet its outstanding undrawn commitments could lead to financial loss for shareholders. Failure to replace maturing borrowings or enter agreement for new borrowings.</p> <p> No change in overall risk in year</p>	<p>The Board receives a detailed analysis of outstanding commitments at each meeting. A medium term cashflow projection is also provided.</p> <p>The Company has a borrowing facility which will not expire until 19 June 2024. At 31 December 2021 the facility was composed of a €25 million term loan and a €95 million revolving credit facility.</p>	<p>During the year the Company has worked with RBSI to increase the size of the revolving credit facility by £20 million to £95 million. This has been achieved through the introduction of State Street as another lender alongside RBSI. There are no changes to rates or covenants.</p>
<p>Regulatory Failure by the Company to meet or adhere to regulatory/legislative standards. Loss of investment trust status. Regulatory or taxation changes resulting in disincentives or market barriers limiting demand for the Company's shares.</p> <p> No change in overall risk in year</p>	<p>At each Board meeting the Company's legal counsel provides an update on regulatory and legislative developments.</p> <p>The Company employs BMO Asset Management as Company Secretary.</p>	<p>Due to travel and gathering restrictions arising from the COVID-19 pandemic and following advice from the Company's legal counsel and Company Secretary, Shareholders were not able to attend the 2021 Annual General Meeting in person. However, Shareholders were able to view an online presentation by the Company's Investment Manager, Hamish Mair and participate in a live question and answer session.</p> <p>The company has submitted its 2020 tax computation to HMRC.</p>
<p>Personnel issues Loss of key personnel from the BMO Private Equity team.</p> <p> No change in overall risk in year</p>	<p>Regular meetings between the Board and senior staff of the Manager.</p> <p>There is a six month notice period to the investment management agreement.</p>	<p>During the acquisition of BMO GAM by Columbia Threadneedle the Board has sought and received confirmation from senior management of the importance of maintaining stability and continuity of the teams which presently support the Company.</p>
<p>Fraud and cyber risks Theft of Company and customer assets or data, including cyber risks.</p> <p> No change in overall risk in year</p>	<p>The Depositary oversees custody of investments and cash in accordance with the requirements of the AIFMD.</p> <p>The Manager has extensive internal controls in place. The Board receives a regular report on its effectiveness. The Board also receives an annual internal controls report from the Registrar, and the Depositary.</p>	<p>The Depositary provided quarterly reports to the Board and attended an Audit Committee meeting.</p> <p>The Manager continues to strength and develop its Risk, Compliance and internal control functions and to invest in IT security.</p> <p>Supervision of BMO's third party service providers, including State Street and SS&C, has been maintained by BMO and includes assurances regarding IT security and cyber-attack prevention.</p>
<p>Market Poor investment selection and/or performance against other assets classes and peer group. Increased share price discount diminishes attractiveness of Company to investors. A premium could represent a lost opportunity to issue shares.</p> <p> No change in overall risk in year</p>	<p>At each meeting of the Board, the Directors monitor performance against peer group and returns from the FTSE All Share Index.</p> <p>Market intelligence is maintained via the Company's broker, N+1 Singer and the provision of shareholder analyses.</p>	<p>The Board reviewed the Company's share price discount and its investment performance against the peer group and the FTSE All Share Index at each regular meeting held during the year ended 31 December 2021.</p>
<p>ESG Failure to respond to increasing investor focus on ESG. Stranded assets within the investment portfolio.</p> <p> No change in overall risk in year</p>	<p>The Manager has one of the longest established and largest Responsible Investment teams in the City. The BMO Private Equity Team undertake an annual survey of the ESG practices of underlying portfolio fund managers.</p>	<p>The BMO Private Equity team attended the COP 26 Climate conference in Glasgow.</p> <p>The latest BMO Private Equity team annual ESG survey has been published.</p> <p>Additional ESG disclosures have been included within this Report and Accounts.</p>
<p>Operational Failure of the Manager's accounting systems or disruption to the Manager's or service providers' business or business continuity failure could lead to an inability to provide accurate reporting and monitoring leading to a loss of Shareholder confidence.</p> <p> No change in overall risk in year</p>	<p>The Board receives annual internal controls reports from the Manager, Registrar and the Depositary. The administration system employed by the Manager is Efront. This is an industry wide investment and accounting package used to record transactions. Legal agreements/ engagement letters in place with the Manager and service providers.</p>	<p>For much of 2021 the Manager and service providers adopted home working arrangements with no impact upon service delivery.</p>

Rolling five year viability assessment and statement

The 2018 UK Corporate Governance Code requires a Board to assess the future prospects for the Company, and report on the assessment within the Annual Report.

The Board considered that a number of characteristics of the Company's business model and strategy were relevant to this assessment:

- The Board looks to long-term performance rather than short term opportunities.
- The Company's investment objective, strategy and policy, which are subject to regular Board monitoring, mean that the Company is invested in a well-diversified portfolio of funds and direct investments and that the level of borrowings is restricted.
- The Company has a single class of Ordinary Shares.
- The Company's business model and strategy is not time limited.

Also relevant were a number of aspects of the Company's operational arrangements:

- The Company has title to all assets held.
- The Company's five-year borrowing facility is composed of a €25 million term loan and a £95 million multi-currency revolving credit facility. The interest rate payable is variable.
- The Company aims to pay quarterly dividends with an annual yield equivalent to not less than four per cent of the average of the published net asset values per ordinary share for the previous four financial quarters, or if higher in pence per share the highest quarterly dividend previously paid. Dividends can be funded from the capital reserves of the Company.
- Revenue and expenditure forecasts and projected cash requirements are reviewed by the Directors at each Board Meeting.

Given the current volatility in stock markets and the economic disruption arising from the COVID-19 pandemic, inflation concerns and the conflict in Ukraine the Directors also considered detailed cashflow projections modelling various scenarios on the future drawdowns to be paid and distributions to be received by the Company. These projections were adjusted to consider various plausible scenarios and took account of possible impacts upon the future NAV of the Company and the ability of the Company to meet its loan covenants. The Board concluded that there was a low probability that a covenant breach related to capacity to meet

cashflow requirements would occur. Furthermore the Board has considered the remedies available if it appears that a covenant breach is possible. Having considered the likelihood of the events which could cause a covenant breach and the remedies available to the Company, the Directors are of the view that the Company is well placed to manage such an eventuality satisfactorily. Further details are provided on page 32.

In addition, the Board carried out a robust assessment of the principal risks which could threaten the Company's objective, strategy, future performance, liquidity and solvency. These risks, mitigating actions in place to ensure the Company's resilience and the processes for monitoring risks are set out on page 28 and in Note 16 of the accounts. These principal risks were identified as relevant to the viability assessment.

The Board took into account the forecasted cash requirements of the Company, the long-term nature of the investments held, the existence of the borrowing facility and the effects of any significant future falls in investment values on the ability to repay and re-negotiate borrowings, maintain dividend payments and retain investors.

These matters were assessed over a five year period to April 2027, and the Board will continue to assess viability over five year rolling periods, taking account of foreseeable severe but plausible scenarios. Note 16 to the financial statements includes an analysis of the potential impact of movements of interest rates and foreign exchange on net asset value. A rolling five year period represents the horizon over which the Directors believe they can form a reasonable expectation of the Company's prospects, balancing the Company's financial flexibility and scope with the current uncertain outlook for longer-term economic conditions affecting the Company and its Shareholders.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period to April 2027. For this reason, the Board also considers it appropriate to continue adopting the going concern basis in preparing the Report and Accounts.

By order of the Board

BMO Asset Management (Holdings) PLC
6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG

7 April 2022

Board of Directors



Mark Tennant †‡
Chairman

is Chairman of the Centrica Combined Common Investment Fund Limited and Chairman of Scottish Land and Estates. He is also a member of the Advisory Board of T Rowe Price Global Investor Services and a director of UTI International. Until recently he was a Senior Adviser to J.P. Morgan. He joined the Board in February 2009 and was appointed as Chairman in May 2010.



Swantje Conrad *†‡

began her career in banking at J.P. Morgan in 1991 from where she retired as Managing Director in 2017. During this time Swantje gained extensive experience in corporate finance/M&A, global markets and investment management. She is a supervisory board member at RENK GmbH and previously served as Independent Director of Siemens Gamesa Renewable Energy S.A. and on various charitable boards. She was appointed to the Board in April 2017.



Elizabeth Kennedy *†‡
Chairman of the Audit Committee

has over 30 years' experience in corporate finance, principally in IPOs, secondary issues and takeovers. She is a director of Octopus AIM VCT 2 plc, Beatson Cancer Charity and a private technology company, a consultant with Davidson Chalmers Stewart, Solicitors and a member and past Chair of the AIM Advisory Group of the London Stock Exchange. She joined the Board in July 2007.



Audrey Baxter *†‡

has a distinguished career in business and public life. Audrey is currently Chairman and CEO of W. A. Baxter & Sons (Holdings) Ltd and has served previously on the boards of a number of public and private companies, charities and voluntary organisations. She was appointed to the Board in June 2020.



Richard Gray *†‡

is a career investment banker with extensive capital markets and corporate finance experience. He has worked previously with Lazard, Charterhouse and UBS and was Vice Chairman of Panmure Gordon. He is a director of Zeus Capital, a non-executive director of CVS Group plc, an independent director of Alpha Real Capital and Vice Chairman of Invescore Group. He was appointed to the Board in March 2017 and will become Chairman of the Company at the conclusion of the Annual General Meeting to be held on 26 May 2022.



Tom Burnet *†‡

is Non-Executive Chairman of Inspired Thinking Group, Aker Systems Ltd, Kainos plc and The Baillie Gifford US Growth Trust plc. Previously he served as CEO, Executive Chairman and as a Non-Executive Director of AIM company accesso Technology Group plc. He started his career as an Army Officer serving in the Black Watch (R.H.R.) and is a member of the Queen's Bodyguard in Scotland. He was appointed to the Board in June 2020.



David Shaw *†‡

sits on the boards of a number of private companies including acting as Chairman of the charity Dyslexia Scotland. He was previously Chief Executive, then Chairman, of Bridgepoint Capital, a leading European mid corporate private equity firm until his retirement in December 2009. He joined the Board in November 2009.

* Member of the Audit Committee

† Member of the Management Engagement Committee

‡ Member of the Nomination Committee

Report of the Directors

Results and Dividends

The Directors submit the Annual Report and financial statements of the Company for the year ended 31 December 2021. The results for the year are set out in the attached financial statements.

The Company's financial statements have been prepared in accordance with UK adopted international accounting standards.

During the year, interim dividends of 3.99p per Ordinary Share were paid on 29 January 2021, 4.16p per Ordinary Share on 30 April 2021, 4.35p per Ordinary Share on 30 July 2021 and 4.77p per Ordinary Share on 29 October 2021.

Principal Activity and Status

The Company is registered as a public limited company in terms of the Companies Act 2006 (the 'Act') and is an investment company as defined by Section 833 of the Act.

The Company has been approved as an investment trust for accounting periods commencing on or after 1 January 2012 subject to it continuing to meet the eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instrument 2011/2999).

Company Number: SC179412

Share Capital

Ordinary Shares

Dividends

The Ordinary Shares carry the right to participate in the revenue and realised capital profits of the Company. The dividends paid to the holders of Ordinary Shares currently depend on, inter alia, the income return on the Company's assets, capital structure and gearing and, accordingly, may vary over time.

In respect of the Ordinary Shares, the Company aims to pay quarterly dividends with an annual yield equivalent to not less than 4 per cent of the average of the published net asset values per Ordinary Share as at the end of each of its last four financial quarters prior to the announcement of the relevant quarterly dividend or, if higher, equal (in terms of pence per share) to the highest quarterly dividend previously paid.

Capital Entitlement

On a winding up of the Company, after satisfying all liabilities, Ordinary Shareholders would be entitled to all the remaining assets.

Voting Rights

Ordinary Shareholders are entitled to receive notice of, and, in normal circumstances, attend and vote at, all general meetings of the Company. Each Ordinary Share is entitled to one vote.

Dividend Policy

Resolution 3 is to approve the Company's dividend policy. The resolution is being proposed to comply with guidance issued by certain voting agencies since, in line with the dividend policy set out on page 9, all dividends are now declared as interim dividends, and without this resolution shareholders would otherwise not have the opportunity to vote on dividends.

Directors

Biographical details of the Directors, all of whom are non-executive, can be found on page 30.

Ms Elizabeth Kennedy, Mr David Shaw and Mr Mark Tennant have served on the Board for nine years or more. The Board subscribes to the view that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his or her ability to act independently and, following formal performance evaluations, believes that each of those Directors is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board. The term of any non-executive Director beyond nine years is subject to rigorous review by the Board.

A plan for the refreshment of the Board has been determined. As part of this plan Mark Tennant will retire from the Board at the conclusion of the Company's Annual General Meeting ("AGM") on 26 May 2022. Upon his retirement, Richard Gray will become Chairman. As a further part of this plan it is also anticipated that David Shaw will retire from the Board at the conclusion of the Company's 2023 AGM.

The Directors believe that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company. The Board confirms that, following performance evaluations, the performance of each of the Directors continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that those Directors seeking re-election are re-elected and therefore recommends that shareholders vote in favour of Resolutions 4 to 9.

Resolution 4 concerns the re-election of Richard Gray. He has served on the Board for 5 years. He has broad experience across equity research, sales and capital markets and corporate broking and finance. Subject to the passing of this resolution, Richard Gray will be appointed as Chairman at the conclusion of the Company's AGM on 26 May 2022.

Resolution 5 concerns the re-election of Elizabeth Kennedy. She has served on the Board for over 14 years. She has over 30 years' experience in corporate finance, principally IPOs, secondary issues and takeovers.

Resolution 6 concerns the re-election of Audrey Baxter. She was appointed to the Board in June 2020 and has extensive experience operating a global food manufacturer.

Resolution 7 concerns the re-election of Tom Burnet. He was appointed to the Board in June 2020 and has broad experience of managing technology companies. He is also the chairman of another investment trust.

Resolution 8 concerns the re-election of Swantje Conrad. She has served on the Board for 5 years. She has extensive experience in corporate finance/M&A, global markets and investment management.

Resolution 9 concerns the re-election of David Shaw. He has served on the Board for over 12 years. He was Chairman of Bridgepoint Capital, a leading European private equity firm.

No Director has any material interest in any contract to which the Company is a party.

Substantial Interests in Share Capital

At 31 December 2021 the Company had received notification of the following holdings of voting rights (under the FCA's Disclosure and Transparency Rules):

	Ordinary Shares Held	% of Ordinary Shares
CCLA Investment Management	7,327,043	9.9
M&G PLC	4,378,908	5.9
Oxford County Council Pension Fund	4,000,000	5.4
Smith and Williamson Holdings	3,638,081	4.9
Lazard Asset Management	3,617,271	4.9
Bank of Montreal	2,779,650	3.8
Transact Nominees Limited	2,223,778	3.0

Since 31 December 2021, M&G PLC has notified the Company that its holding has been reduced to 3,422,567 shares. Bank of Montreal has disposed of its holding.

BMO Retail Products owned 21,978,414 shares or 29.7 per cent of the issued share capital of the Company at 31 December 2021. For non-contentious resolutions the nominee company holding these shares will vote the shares held on behalf of planholders who have not returned their voting directions in proportion to the directions of those who have ("proportional voting"). Implementation of this arrangement is subject to a minimum threshold of 5% of the shares held in the BMO savings plans being voted. A maximum limit of 10,000 shares that any one individual investor can vote, being approximately 1.0% of the relevant minimum threshold, also applies. Any individual voting directions received in excess of the maximum limit will remain valid, but will not form part of the proportional voting basis. Planholders have the right to exclude their shares from the proportional voting arrangement.

Conflicts of Interest

Under the Act a Director must avoid a situation where he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The Act allows directors of public companies to authorise conflicts and potential conflicts where appropriate and where the Articles of Association contain a provision to this effect. The Company's Articles of Association give the Directors authority to approve such situations. The Company maintains a register of Directors' conflicts of interest

which have been disclosed and approved by the other Directors. This register is kept up-to-date and the Directors are required to disclose to the Company Secretary any changes to conflicts or any potential new conflicts.

Management and Management Fees

BMO Investment Business Limited provides investment management services to the Company and was appointed as the Company's AIFM on 22 July 2014. A summary of the contract between the Company and the Manager in respect of investment management services provided is given in note 3 to the financial statements.

The Management Engagement Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review, the Committee considered the past investment performance of the Company and the capability and resources of the Manager to deliver satisfactory investment performance. It also considered the length of the notice period of the investment management contract and the fees payable to the Manager and its peers, together with the commitment of the Manager to the Company and its investment trust business and the standard of other services provided, which include administration, marketing and corporate development.

Following this review it is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Independent Auditor

Following the conclusion of a formal tender process led by the Company's Audit Committee, the Board approved the proposed appointment of BDO LLP as Auditor for the financial year commencing 1 January 2021. The proposed appointment was approved by Shareholders at the Annual General Meeting held on 27 May 2021.

Resolutions 10 and 11 seek shareholder approval, respectively, for the re-appointment of BDO LLP as the Auditor of the Company and to authorise the Audit Committee to determine its remuneration for the year ended 31 December 2022.

BDO LLP has expressed its willingness to be reappointed as Auditor to the Company.

Depositary

JPMorgan Europe Limited was appointed as Depositary on 22 July 2014 in accordance with the AIFM Directive. The Depositary's responsibilities include, but are not limited to, cash monitoring, segregation and safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements.

Company Secretary

BMO Asset Management (Holdings) PLC provides secretarial services to the Company.

Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. As such it does not have any physical assets, property, employees or operations of its own and does not generate any greenhouse gas or other emissions.

The company is exempt from Streamlined Energy and Carbon Reporting Disclosures as it has consumed less than 40,000 Kwh of energy in the United Kingdom during the year.

Going Concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Company, the availability of the Company's loan facility and compliance with its banking covenants. They have also considered year-end cash balances and forecast cash flows, especially those relating to capital commitments and realisations.

As at 31 December 2021, the Company had outstanding undrawn commitments of £136.4 million. Of this amount, approximately £26 million is to funds where the investment period has expired and the Manager would expect very little of this to be drawn. Of the outstanding undrawn commitments remaining within their investment periods, the Manager would expect that a significant amount will not be drawn before these periods expire.

As at 31 December 2021, the Company had a committed borrowing facility comprising a term loan of €25 million and a revolving credit facility of €95 million. This facility is due to expire on 19 June 2024 when its five-year term concludes.

At the 31 December 2021 the Company had fully drawn the term loan of €25 million and had drawn £15.7 million of the revolving credit facility, leaving £79.3 million of the revolving credit facility available. This available proportion of the facility can be used to fund any shortfall between the proceeds received from realisations and drawdowns made from funds in the Company's portfolio or funds required for co-investments. Under normal circumstances this amount of 'headroom' in the facility would be more than adequate to meet any such shortfall. In addition, as at 31 December 2021 the Company had a cash balance of £32.7 million.

At present the global economy continues to suffer disruption due to the effects of the COVID-19 pandemic, inflation concerns and the conflict in Ukraine and the Directors have given serious consideration to the consequences of this for the private equity market in general and for the cashflows and asset values of the Company specifically over the next twelve months. The Company has a number of loan covenants and at present the Company's financial situation does not suggest that any of these covenants are close to being breached. The Directors are mindful of the extraordinary nature of the current economic situation and have conducted stress tests to examine the possible circumstances which would result in the Company's covenants being breached. Three scenarios were tested: business as usual; the experience of the global financial crisis; and the impact of a very severe recession. The Directors have also considered any remedial measures which the Company could practically employ to avoid a covenant breach if that appears likely.

It is the Directors' opinion that the circumstances which would give rise to a covenant breach have a low probability. The primary risk is that there is a very substantial decrease in the asset value of the Company in the short or medium term. Given prior experience in the last financial crisis of 2008/2009 and allowing for the breadth of the Company's portfolio and the valuation methodologies of the Company's investment managers and their investment partners, the Directors do not expect that the possible reduction in asset value arising from this disruption will be of sufficient magnitude to give rise to a covenant breach.

In addition to the possible effect of this disruption on valuations, the

Directors have also reviewed the forecast cashflows of the Company comprising future drawdowns and distributions. The cashflow forecasts take into account potential equity refinancings of portfolio companies, whether held through funds or as coinvestments, which may be necessary as a result of disruption during the period. The Manager has incorporated detailed responses from companies and investment managers in preparing the cashflow forecasts.

Having compared these against the Company's current and projected available funding sources, principally its committed borrowing facility noted above, the Directors have confidence that there is a low probability that a covenant breach related to capacity to meet cashflow requirements will occur.

Furthermore, being aware of the possible risks the Directors have considered in detail a number of remedial measures that are open to the Company which it may take if such a covenant breach appears possible. These include reducing commitments and raising cash through engaging with the private equity secondaries market. The Manager has considerable experience in the private equity secondaries market through the activities of the Company and through the management of other private equity funds. The Directors have considered other actions which the Company may take in the event that a covenant breach was imminent including taking measures to increase the Company's asset base through an issuance of equity either for cash or pursuant to the acquisition of other private equity assets. The Directors have also considered the likelihood of the Company making alternative banking arrangements with its current lenders or another lender.

Having considered the likelihood of the events which could cause a covenant breach and the remedies available to the Company, the Directors are of the view that the Company is well placed to manage such an eventuality satisfactorily. Based on this information the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, bank debt and debtors and creditors. Financial instruments recognised at fair value are shown in the fair value hierarchy in note 10 to the financial statements. The financial risk management objectives and policies arising from the Company's financial instruments and the exposure to risk are disclosed in note 16 to the financial statements. Details of the Company's bank facility are contained in note 14 to the financial statements.

Disclosure of Information to the Auditor

The Directors confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all reasonable steps in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Individual Savings Accounts

The Company's shares are qualifying investments as defined by HM Revenue & Customs' regulations for Individual Savings Accounts. It is the intention of the Directors that the Company will continue to conduct its affairs to satisfy this requirement.

Annual General Meeting

The Notice of Annual General Meeting to be held on 26 May 2022 is set out on pages 68 to 72.

Directors' Authority to Allot Shares

The Directors are seeking to renew the authority to allot shares.

Resolution 12 in the Notice of Annual General Meeting seeks renewal of such authority to allot Ordinary Shares up to an aggregate nominal amount of £73,941 (being an amount equal to 10 per cent of the total issued share capital of the Company as at the date of this report).

Under **resolution 13**, which is a special resolution, the Directors are also seeking to renew the authority to allot new Ordinary Shares and/or sell Ordinary Shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply. (This section requires that, when equity securities are allotted for cash, such new shares are first offered to existing equity shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption rights"). The purpose of holding shares in treasury is to allow the Company to re-issue those shares quickly and cost-effectively.

Allotments of Ordinary Shares pursuant to these authorities would enable the Directors to issue shares for cash and/or to sell equity securities held as treasury shares to take advantage of changes in market conditions that may arise, in order to increase the amount of the Company's issued share capital. The purpose of such an increase would be to improve the liquidity of the market in the Company's shares and to spread the fixed costs of administering the Company over a wider base. The Directors believe that this would increase the investment attractions of the Company to the benefit of existing shareholders. No issue of shares and/or sale of shares held in treasury would be made which would dilute the net asset value per Ordinary Share of existing shareholders.

Resolution 13, if passed, will give the Directors power to allot for cash Ordinary Shares of the Company and to sell Ordinary Shares out of treasury up to a maximum nominal amount of £36,970 (being an amount representing 5 per cent of the total issued ordinary share capital of the Company as at the date of this report) without the application of the pre-emption rights described above. The calculation of the above figure is in accordance with the limits laid down by the Pre-Emption Group guidelines, and the Directors will not use the authority other than in accordance with the above guidelines.

The authorities contained in resolutions 12 and 13 will continue until the Annual General Meeting of the Company in 2023, and the Directors envisage seeking renewal of these authorities in 2023 and in each succeeding year, subject to such renewals again being in accordance with the above guidelines.

Directors' Authority to Buy Back Shares

The current authority of the Company to make market purchases of up to 14.99 per cent of the issued Ordinary Shares expires at the end of the Annual General Meeting and **resolution 14**, as set out in the Notice of the Annual General Meeting, seeks renewal of such authority. The renewed authority to make market purchases will be

in respect of a maximum of 14.99 per cent of the issued Ordinary Shares as at the date of the passing of the resolution (approximately 11.1 million Ordinary Shares). The price paid for shares will not be less than the nominal value of 1p per Ordinary Share nor more than the higher of (i) 5 per cent above the average of the middle market values of those shares for the five business days before the shares are purchased, (ii) the price of the last independent trade on the trading venue where the purchase is carried out; and (iii) the highest current independent bid on that venue. This power will only be exercised if, in the opinion of the Directors, a purchase will result in an increase in net asset value per share of the Ordinary Shares and be in the interests of shareholders as a whole. Purchases would only be made for cash at a cost which is below the prevailing net asset value per share. Any shares purchased under this authority will be cancelled or held in treasury for future re-issue at a premium to the prevailing net asset value per share. The effect of any cancellation would be to reduce the number of shares in issue. For most purposes, where held in treasury, shares are treated as if they had been cancelled (for example they carry no voting rights and do not rank for dividends). The purpose of holding some shares in treasury is to allow the Company to re-issue these share quickly and cost effectively, thus providing the Company with greater flexibility.

Recommendation

The Board considers that the passing of the resolutions to be proposed at the Annual General Meeting is in the interests of the Company and its shareholders as a whole and they unanimously recommend that shareholders vote in favour of those resolutions.

Statement Regarding Annual Report and Accounts

Following a detailed review of the Annual Report and Accounts by the Audit Committee to assess the Company's position and performance, business model and strategy, the Directors consider that taken as a whole it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the reader of the Annual Report and Accounts would have a reasonable level of knowledge of the investment industry in general and investment trusts in particular.

By order of the Board

BMO Asset Management (Holdings) PLC
6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG

7 April 2022

Corporate Governance Statement

The Company is committed to high standards of corporate governance and accordingly adheres, in so far as they are relevant to an investment trust the requirements of the 2018 revised Corporate Governance Code ('the Code') of the Financial Reporting Council ('FRC'). The Association of Investment Companies issued its own revised Code of Corporate Governance ('the AIC Code') which can be found at www.theaic.co.uk. As a matter of good practice, the Company has adopted corporate governance arrangements which follow the general principles of the AIC Code. Significant differences in actual practice are detailed below.

Since all Directors are non-executive, the provisions on the role of the chief executive and on Directors' remuneration are not relevant to the Company (except in so far as they apply to non-executive Directors) and are therefore not reported on further.

In view of its non-executive nature and the requirement of the Articles of Association that all are subject to retirement by rotation, the Board does not consider it appropriate for the Directors to be appointed for a specified term. The Articles of Association require the Directors to retire by rotation at least every three years, and the Board has agreed that in accordance with the AIC Code all Directors will retire annually. In addition, due to its size and non-executive nature, the Board does not consider it appropriate for a Senior Independent Director to be appointed.

The Board consists solely of non-executive Directors. Mark Tennant, who is the Chairman will retire from the Board at the conclusion of the Company's Annual General Meeting on 26 May 2022. Upon his retirement, Richard Gray will become Chairman.

All Directors are considered by the Board to be independent of the Manager. New Directors receive an induction from the Manager on joining the Board and all Directors are made aware of appropriate training courses.

During the year the performance of the Board, committees and individual Directors was evaluated through a discussion process led

by the Chairman. The performance of the Chairman was evaluated by the other Directors.

Amongst other considerations, the performance evaluation considered the balance of skills and diversity of the Board, as well as the Board's overall effectiveness. The Board believes it has an appropriate balance of skills and experience, length of service and knowledge of the Company. The Board does not consider that the use of external consultants to conduct this evaluation is likely to provide any meaningful advantage over the process adopted. But the option is kept under review.

The table below sets out the number of scheduled Board and Committee meetings held during the year ended 31 December 2021 and the number of meetings attended by each Director. In addition further committee and board meetings can be held at short notice to address issues arising. In accordance with the best corporate governance practice, the Chairman is not a member of the Audit Committee.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. No such advice was sought during the year. The Company maintains appropriate Directors' and Officers' liability insurance.

The basis on which the Company aims to generate value over the longer term is set out within the Strategic Report. The Company has no executive Directors or employees. A management agreement between the Company and its Manager (BMO Investment Business Limited) sets out the matters over which the Manager has authority and the limits above which Board approval must be sought. All other matters, including corporate strategy, investment and dividend policies, gearing, corporate governance procedures and risk management are reserved for the approval of the Board of Directors.

The Board receives full information on the Company's investment performance, assets, liabilities and other relevant information in

	Board of Directors		Audit Committee		Management Engagement Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mark Tennant	4	4	-	-	1	1	1	1
Elizabeth Kennedy	4	4	2	2	1	1	1	1
Audrey Baxter	4	4	2	2	1	1	1	1
Tom Burnet	4	4	2	2	1	1	1	1
Swantje Conrad	4	4	2	2	1	1	1	1
Richard Gray	4	4	2	2	1	1	1	1
David Shaw	4	3	2	2	1	1	1	1

advance of Board meetings. The Board has direct access to the company secretarial advice and services provided by BMO. The proceedings at all board meetings are fully recorded through a process that allows any Director's concerns to be recorded in the minutes. The Board has the power to appoint or remove the Company Secretary.

The Manager, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

The length of tenure of the Chairman is determined by reference to the AIC Code. The Board's policy on tenure of the Chairman is that continuity and experience are considered to add significantly to the strength of that role. As noted on page 31 the term of any non-executive Director, including the Chairman, beyond nine years is subject to rigorous review by the Board.

Throughout the year, a number of committees have been in operation. Those committees are the Audit Committee, the Management Engagement Committee, and the Nomination Committee. The committees operate within clearly defined terms of reference which are available for inspection on request at the Company's registered office.

Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Manager also adopts a zero tolerance approach and has policies and procedures in place to prevent bribery.

Audit Committee

The Audit Committee is chaired by Elizabeth Kennedy and comprised all of the Directors with the exception of Mark Tennant, the Chairman of the Company. The Report of the Audit Committee is contained on pages 37 and 38.

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors and is chaired by Mark Tennant, the Chairman of the Company. The report of the Management Engagement Committee is included on page 42.

Nomination Committee

The Nomination Committee comprises all of the Directors and is chaired by Mark Tennant, the Chairman of the Company. The report of the Nomination Committee is contained on page 39.

Relations with Shareholders

The Company welcomes the views of Shareholders and places great importance on communications with them. The Manager holds meetings with the Company's largest Shareholders and reports back to the Board on these meetings. The Board is also regularly briefed

on Shareholder attitudes by the Company's broker. The Chairman and other Directors are available to meet Shareholders if required to discuss any significant issues that have arisen and address Shareholder concerns and queries. In normal circumstances, the Annual General Meeting of the Company provides a forum, both formal and informal, for Shareholders to meet and discuss issues with the Directors and Manager of the Company.

In accordance with the AIC Code, when votes of 20 per cent or more have been cast against a resolution at a General Meeting the Company will announce the actions it intends to take to consult Shareholders to understand the reasons behind the result. A further update will be published within six months. No such votes were received during 2021.

By order of the Board

BMO Asset Management (Holdings) PLC
6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG
7 April 2022

Report of the Audit Committee

The members of the Audit Committee who served throughout the year ended 31 December 2021 were Elizabeth Kennedy, Audrey Baxter, Tom Burnet, Swantje Conrad, Richard Gray and David Shaw. In accordance with best corporate governance practice, the Chairman of the Company, Mark Tennant is not a member of the Audit Committee. The committee is chaired by Elizabeth Kennedy. The duties of the committee include reviewing the Annual and Interim Accounts, the system of internal controls, and the terms of appointment and remuneration of the Auditor, BDO LLP ("BDO"), including its independence and objectivity. It is also the forum through which BDO reports to the Board of Directors. The Committee meets at least twice yearly including at least one meeting with BDO.

The Audit Committee met on two occasions during the year and the attendance of each of the members is set out on page 35. In the course of its duties, the committee had direct access to BDO and senior members of the Manager's fund management and investment trust teams. Amongst other things, the Audit Committee considered and reviewed the following matters and reported thereon to the Board:

- The annual results announcements, and annual and half-yearly reports and accounts;
- The accounting policies of the Company;
- The principal risks faced by the Company and the effectiveness of the Company's internal control environment;
- The effectiveness of the audit process and related non-audit services and the independence and objectivity of BDO, their re-appointment, remuneration and terms of engagement;
- The policy on the engagement of BDO to supply non-audit services;
- The implications of proposed new accounting standards and regulatory changes;
- The receipt of an internal controls report from the Manager; and
- Whether the Annual Report and Accounts is fair, balanced and understandable.

As part of its review of the scope and results of the audit, during the year the Audit Committee considered and approved BDO's plan for the audit of the financial statements for the year ended 31 December 2021. At the conclusion of the audit BDO did not highlight any issues to the Audit Committee which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. BDO issued an unqualified audit report which is included on pages 44 to 50.

As part of the review of auditor independence and effectiveness, BDO has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating BDO, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team.

The financial year ended 31 December 2021 is the first period of appointment of BDO as the Auditor of the Company. In prior years Ernst and Young LLP was the Auditor. BDO was unanimously chosen by the Board following a robust and transparent audit tender process. In recognition of underlying audit rotation requirements, the Committee currently intends that a further tender process should be undertaken not later than 31 December 2030 to cover the financial years ending 31 December 2031 onwards.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed.

The process is based principally on the Manager's existing risk-based approach to internal control whereby a register is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. These functions include the financial reporting process. A residual risk rating is then applied. The register is regularly updated and the Board is provided with regular

Significant Issues Considered by the Audit Committee in Relation to the Financial Statements

Matter	Action
<p>Valuation of Unlisted Investments The Company's portfolio is invested predominantly in unlisted securities. Errors in the valuation could have a material impact on the Company's net asset value per share.</p>	<p>The Company's accounting policy for valuing its unlisted investments is stated in note 1(e) to the financial statements. The Audit Committee reviewed and challenged the valuation prepared by the Manager, taking account of the latest available information about the Company's investments, the Manager's knowledge of underlying funds and current market information where appropriate. The Audit Committee satisfied itself that the investments were valued, where appropriate, on a consistent basis with prior periods and in accordance with published industry guidelines and applicable accounting standards.</p>

Significant Issues Considered by the Audit Committee in Relation to the Financial Statements (continued)

Matter	Action
<p>Going Concern</p> <p>The Directors of the Company are responsible for preparing the Report and Accounts. In preparing these financial statements the Directors are required to consider whether it is appropriate to adopt the going concern basis. The Directors will consider if the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of this report.</p>	<p>The Directors considered the current cash position of the Company, the availability of the Company's loan facility and compliance with its covenants.</p> <p>Given the current volatility in stock markets and the economic disruption arising from the COVID-19 pandemic, inflation concerns and the conflict in Ukraine, the Audit Committee also considered detailed cashflow projections modelling various scenarios relating to this volatility on the future drawdowns to be paid and distributions to be received by the Company. These projections were adjusted to consider various plausible scenarios and took account of possible impacts upon the future NAV of the Company and the ability of the Company to achieve its loan covenants. The Board concluded that there was a low probability that a covenant breach related to capacity to meet cashflow requirements would occur. Furthermore the Board has considered the remedies available if it appears that a covenant breach appears possible. Having considered the likelihood of the events which could cause a covenant breach and the remedies available to the Company, the Directors are of the view that the Company is well placed to manage such an eventuality satisfactorily.</p> <p>Further details are provided on page 32. The Directors were satisfied that the adoption of the going concern basis was appropriate.</p>
<p>Title to Unlisted Investments</p> <p>If the Company did not have legal title to its unlisted investments this could have a material impact on its net asset value per share.</p>	<p>The Board receives quarterly reports from the Depositary and on an annual basis the Audit Committee reviews the Manager's AAF Report on its internal controls.</p>
<p>Calculation of Performance Fee</p> <p>As disclosed in note 3 to the financial statements, the Manager is entitled to both a basic and performance related management fee. The entitlement to a performance fee is based on a number of criteria. Errors in its calculation could result in an overpayment or underpayment of fees to the Manager.</p>	<p>The Audit Committee reviews the Manager's entitlement to a performance fee and also reviews the calculation of any performance fee provisions twice a year.</p>

reports highlighting all material changes to the risk ratings and confirming the action which has been, or is being, taken.

A formal annual review of these procedures is carried out by the Audit Committee and includes consideration of internal control reports issued by the Manager and other service providers. Such review procedures have been in place throughout the financial year and up to the date of approval of the Annual Report, and the Board is satisfied with their effectiveness. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. At each Board meeting the Board monitors the investment performance of the Company in comparison to its stated objective, its peer group and a broad equity market index. The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines. Since its appointment in July 2014, the Depositary has provided quarterly reports to the Board and carries out daily independent checks on cost and investment transactions, annually verifies asset ownership and has strict liability for the loss of the Company's financial assets in respect of which it has safekeeping duties.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Manager, including its internal audit function, provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investments and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary but this decision will be kept under review.

Elizabeth Kennedy

Chairman of the Audit Committee

7 April 2022

Report of the Nomination Committee

Role of the Committee

The Committee met on one occasion during the year. The duties of the Nomination Committee are:

- To be responsible for reviewing and nominating candidates for the approval of the Board to fill vacancies on the Board of Directors.
- To consider and review the composition and balance of the Board from time to time and, where appropriate, to make recommendations to the Board.
- To review the re-appointment of Directors, as they fall due for re-election, under the terms of their appointment and the UK Corporate Governance Code, and to make recommendations to the Board as considered appropriate.
- To review actual or possible conflicts of interest in respect of each Director and any authorised conflicts.
- To review annually the level of Directors' fees and recommend any changes to the Board.
- To consider other topics, as defined by the Board.

Composition of the Committee

All Directors of the Company served on the Committee throughout the year. The Committee is chaired by the Chairman of the Company, Mark Tennant. Terms of reference of which can be found on the website at www.bmoprivateequitytrust.com.

Succession planning

Appointments of all new Directors are made on a formal basis, normally using professional search consultants, with the Nomination Committee agreeing the selection criteria and the method of recruitment, selection and appointment.

Succession plan

The Board has an agreed succession plan to refresh its composition. As part of this plan, on 17 February 2022 the Company announced that Mark Tennant, Chairman would retire from the Board at the completion of the Annual General Meeting to be held on 26 May 2022.

A committee of long serving Directors met with possible candidates for the role of Chairman. Following Board discussion it was agreed unanimously that Richard Gray would be appointed Chairman upon the retirement of Mark Tennant.

As a further part of the Board succession plan it is anticipated that David Shaw will retire from the Board at the conclusion of the Company's 2023 AGM.

Diversity

Any appointments to the Board are based on merit, but in considering appointments, the Nomination Committee also takes into account the ongoing requirements of the Company and the need to have a balance of skills, experience, diversity, including gender, independence and knowledge of the Company within the Board. The Directors have not set any measurable objectives in relation to the diversity of the Board.

Committee evaluation

The activities of the committee were considered as part of the Board appraisal process completed in accordance with standard governance arrangements as summarised on page 35. The conclusion from the process was that the committee was operating effectively, with the right balance of membership, experience and skills.

Mark Tennant

Chairman of Nomination Committee

7 April 2022

Directors' Remuneration Report

The Board consists solely of independent non-executive Directors. The Company has no executive Directors or employees. The Nomination Committee fulfils the function of a Remuneration Committee in addition to its nomination function, and is responsible for determining the level of Directors' fees.

Full details of the Company's policy with regards to Directors' fees and fees paid during the year ended 31 December 2021, are shown below.

Under company law, the Auditor is required to audit certain disclosures provided. Where disclosures have been audited they are indicated as such. The Auditor's opinion is included in its report on pages 44 to 50.

Nomination Committee

The Nomination Committee is chaired by the Chairman of the Company, Mark Tennant. All Directors served on the Nomination Committee throughout the year. The Board has appointed the Company Secretary, BMO Asset Management (Holdings) PLC, to provide information in advance of the Nomination Committee considering the level of Directors' fees.

Directors' Remuneration Policy

The Company's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, Directors' time commitment, their responsibilities and skills and be fair and comparable to that of other investment trusts that are similar in size and have similar investment objectives. There were no changes to the policy during the year. Fees are reviewed annually. Following this review the Board has decided that with effect from 1 January 2022, the annual remuneration of the Chairman is increased to £59,000, the Chair of the Audit Committee to £46,000 and Non-Executive Directors to £40,000.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association. The present limit is £350,000 per annum and may not be changed without seeking Shareholder approval at a general meeting. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The non-executive Directors are engaged under letters of appointment and do not have service contracts. Each Director has a letter of appointment setting out the terms and conditions of his or her appointment and, in normal circumstances, such letters are available for inspection at the Company's registered office and immediately prior and during the Company's Annual General Meeting.

The terms of appointment provide that a Director shall retire and be subject to re-election at the first Annual General Meeting after his or her appointment. Directors are thereafter obliged to retire by rotation and, if they wish, to offer themselves for re-election, at least every three years after that.

In accordance with the revised AIC Code all Directors, with the exception of Mark Tennant, will seek re-appointment to the Board at the Annual General Meeting to be held on 26 May 2022 and at each meeting thereafter. Mark Tennant will retire from the Board at the conclusion of this Annual General Meeting.

There is no notice period and no provision for compensation upon termination of appointment.

Future Policy Table

Based on the current levels of fees, Directors' remuneration for the forthcoming financial year would be as follows:

	2022* £	2021 £
Mark Tennant (Chairman)¹	23,600	52,000
Audrey Baxter	40,000	35,000
Tom Burnet	40,000	35,000
Swantje Conrad	40,000	35,000
Richard Gray²	51,400	35,000
Elizabeth Kennedy	46,000	42,000
David Shaw	40,000	35,000
Total	281,000	269,000

¹ Retiring from the Board on 26 May 2022.

² To be appointed Chairman with effect from 26 May 2022.

* Directors' remuneration for the year ending 31 December 2022 based on current fee levels. Directors are not eligible for any other payments.

The Company has not received any views from its Shareholders in respect of the levels of Directors' remuneration.

Annual Report on Directors' Remuneration

Directors' Emoluments for the Year (audited)

The Directors who served during the financial year received the following amounts for services as non-executive Directors as well as reimbursement for expenses necessarily incurred. No other forms of remuneration were paid during the year.

Fees for services to the Company (audited)									
Director	Fees (audited)			Taxable Benefits ⁽¹⁾ (audited)			Total (audited)		
	2021 £	2020 £	% change	2021 £	2020 £	% change	2021 £	2020 £	% change
Mark Tennant (Chairman)	52,000	50,000	4%	1,997	853	134%	53,997	50,853	6%
Audrey Baxter[‡]	35,000	18,941	85%	–	–	–	35,000	18,941	85%
Tom Burnet[‡]	35,000	18,941	85%	–	–	–	35,000	18,941	85%
Swantje Conrad	35,000	33,000	6%	926	30	2,987%	35,926	33,030	9%
Richard Gray	35,000	33,000	6%	256	65	294%	35,256	33,065	7%
Elizabeth Kennedy	42,000	40,000	5%	–	256	(100%)	42,000	40,256	4%
David Shaw	35,000	33,000	6%	–	–	–	35,000	33,000	6%
Total	269,000	226,882	19%	3,179	1,204	164%	272,179	228,086	19%

[‡] Appointed to the Board on 4 June 2020.

⁽¹⁾ Comprises amounts reimbursed for expenses incurred in carrying out business for the Company, which have been grossed up to include PAYE and NI contributions.

Relative Importance of Spend on Pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration, other expenses and shareholder distributions:

	2021 £	2020 £	Change %
Aggregate Directors' Remuneration	269,000	226,882	18.6%
Management and other expenses*	9,435,000	6,903,000	36.7%
Dividends paid to Shareholders	12,769,000	11,661,000	9.5%

*Includes Directors' remuneration.

Directors' Shareholdings (audited)

The Directors who held office at the year end and their interests in the Ordinary Shares of the Company were as follows:

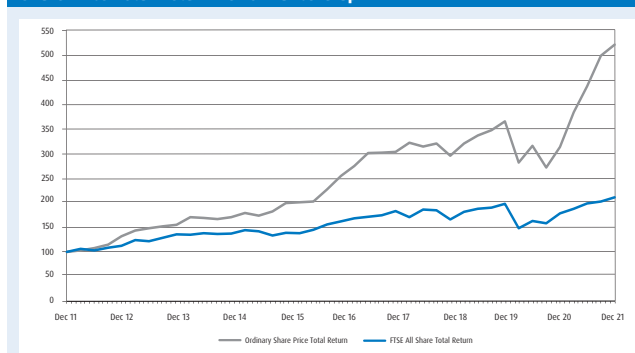
		31 December 2021 Ordinary Shares	31 December 2020 Ordinary Shares
Mark Tennant (Chairman)	Beneficial	11,665	11,665
Audrey Baxter	Beneficial	10,000	10,000
Tom Burnet	Beneficial	15,000	15,000
Swantje Conrad	Beneficial	14,600	14,600
Richard Gray	Beneficial	10,000	10,000
Elizabeth Kennedy	Beneficial	30,000	30,000
David Shaw	Beneficial	10,000	10,000

There have been no other changes in the Directors' interests in the shares of the Company between 31 December 2021 and 6 April 2022.

Company Performance

The graph below compares, for the ten financial years ended 31 December 2021, the total return (assuming all dividends are reinvested) to shareholders compared to the total return on the FTSE All-Share Index. However, the Board recognises that the FTSE All-Share Index is not directly correlated with private equity investment.

Share Price Total Return Performance Graph



Voting at Annual General Meeting

At the Company's last Annual General Meeting, held on 27 May 2021, Shareholders approved the Report on Directors' Remuneration for the year ended 31 December 2020. 94.0 per cent of votes were in favour of the resolution and 6.0 per cent were against.

An ordinary resolution for the approval of this Directors' Remuneration Report, **resolution 2** will be put to shareholders at the forthcoming Annual General Meeting.

The remuneration policy of the Company is approved by Shareholders tri-annually. It was last approved by Shareholders at the Annual General Meeting held on 20 May 2020, 97.0 per cent of votes were in favour and 3.0 per cent of votes against. A resolution to approve this policy will be an agenda item for the 2023 Annual General Meeting of the Company.

On behalf of the Board

Mark Tennant, Chairman
7 April 2022

Report of the Management Engagement Committee

Duties of the Committee

The duties of the Management Engagement Committee are to review the terms and conditions of the appointment and the appropriateness of the continuing appointment of the Manager.

Composition of the Committee

All Directors of the Company served on this Committee throughout the year.

The Committee is Chaired by the Chairman of the Company, Mark Tennant.

Currently all members of the Board have been appointed to the Management Engagement Committee.

The terms of reference of the Management Engagement Committee are available on the Company's website www.bmoprivateequitytrust.com.

The Manager's Evaluation Process

The Committee meets annually. Its most recent meeting was held in March 2022 which included a formal evaluation of the performance and remuneration of the Manager. At each Board meeting throughout the year the performance of the Company is reviewed. The Board receives detailed papers, reports and reviews from the Manager on performance at each regular Board meeting. These papers include details of the portfolio, gearing and risk. These enable the Board to assess the success or failure of the Manager's performance against the Key Performance Indicators determined by the Board.

The Manager's Re-appointment

During March 2022, the Management Engagement Committee of the Board reviewed the appropriateness of the Manager's continuing appointment. In carrying out the review, consideration was given to past investment performance and the ability of the Manager to produce satisfactory investment performance in the future, including any impact following its recent acquisition by Columbia Threadneedle. Consideration was also given to the standard of other services provided which include company secretarial, accounting, administration and marketing. The length of notice of the investment management contract and fees payable to the Manager were also reviewed. Following this review, it is the Board's opinion that the continuing appointment of the Manager on the terms agreed is in the interests of Shareholders as a whole.

The Manager's Fee

An important responsibility of the Committee is the review of the Manager's fee. Details of the investment management fee are included in Note 3 to the Accounts. At each annual Committee meeting the Directors compare the basis of the remuneration of the Manager against that of the peer group.

Reporting Procedures

The Company Secretary circulates the minutes of meetings of the Management Engagement Committee to all members of the Board at the next Board meeting following a Management Engagement Committee Meeting.

In normal circumstances, a member of the Management Engagement Committee attends the Annual General Meeting and is available to answer questions on the Management Engagement Committee's activities and responsibilities.

Mark Tennant
Chairman

7 April 2022

Statement of Directors' Responsibilities

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements and have elected to prepare the Company financial statements in accordance with UK adopted international accounting standards. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' report, a strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Mark Tennant

Chairman

7 April 2022

Independent Auditor's Report

Independent Auditor's Report to the Members of BMO Private Equity Trust PLC

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006;

We have audited the financial statements of BMO Private Equity Trust plc (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Directors on 27 May 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the year ended 31 December 2021. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the forecasted cash flows that support the Directors' assessment of going concern and challenging the Directors assumptions and judgements made in the forecasts, assessing them for reasonableness, and assessing the precision of the prior forecast by comparing them to actual results in the current year.
- We considered the available cash resources relative to the forecast expenditure and future commitments given that the Board has taken the decision to make commitments to new fund investments which are greater than the current cash and committed credit facilities (see key audit matter below);
- Evaluating the appropriateness of Directors' method of assessing the going concern in light of worst-case assumptions and the undrawn commitments modelling (see key audit matter below).

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters	2021
Valuation and ownership of unquoted investments	Yes
Unfunded commitments and cash flow modelling	Yes
Materiality	£4,700,000 based on 1% of net assets

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement. All audit work was performed by BDO LLP.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Valuation and ownership of investments: (Note 1e and 9)</p> <p>Over 99% of the Company's investment portfolio consists of unquoted investments in private equity funds ("funds") and direct co-investments via limited partnerships or similar fund structures ("direct co-investments").</p> <p>These unquoted investments, which constitute Level 3 financial instruments in accordance with IFRS 13 Financial Instruments, are valued in accordance with the International Private Equity and Venture Capital ("IPEV") Guidelines and use inputs which are not based on observable market data. As a result there is a high degree of estimation uncertainty and judgement involved in the underlying General Partner ("GP") valuations, which is applicable to all investments, and as such, there is a significant risk over the valuation of these investments.</p> <p>In addition, the Investment Manager's fees are based on the value of the net assets of the Company. As it is possible for the Investment Manager to make adjustments to the underlying valuations, there is a potential risk of overstatement of investment valuations.</p> <p>As the unquoted investments comprise the majority of the statement of financial position, valid title to these investments is also part of the key audit matter as there is a risk that the Company does not have the appropriate title for the investments.</p>	<p>In respect of the unquoted investments valuation testing we:</p> <ul style="list-style-type: none"> Held discussions with the Investment Manager and reviewed their year-end 'portfolio review' paper which was prepared for the Audit Committee. Where appropriate, we challenged the valuation <p>For a sample of the funds held, we:</p> <ul style="list-style-type: none"> Agreed the valuations to the direct confirmations received from the GP. Discussed with the Investment Manager key judgments affecting the valuations, such as the basis for the valuation and any adjustments made to the independent valuation produced by the underlying GP. Considered the appropriateness of the overall valuation policies undertaken by underlying GP fund managers in line with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. Where an up to date "bottom up" GP valuation was not available, we agreed the valuation to the cash roll forward performed by the GP. Where the cash roll forward was performed by the Investment Manager, we independently tested the cash flows and adjustments for the intervening period to year-end. Our work also considered events which occurred subsequent to the year-end up until signing. We considered the need for the Investment Manager to adjust the underlying valuations for specific cases, such as any carried interest, and agreed these adjustments to the underlying calculations and support; considering where hurdles are met or not based on performance. Considered the accuracy of the underlying GP's valuation process by comparing net asset value per the most recent audited financial statements for a sample of funds to the GP statement for the coterminous period. <p>For direct co-investments, in addition to the above, we:</p> <ul style="list-style-type: none"> Obtained and assessed evidence for inputs to the valuation models based around the Investment Manager's year-end 'portfolio review' paper including latest trading results and key assumptions. We benchmarked valuation multiples to our own independent data and assessed the appropriateness of data inputs and challenged assumptions used to support the valuations.

An overview of the scope of our audit (continued)

Key audit matter continued		How the scope of our audit addressed the key audit matter continued
		<ul style="list-style-type: none"> Assessed other facts and circumstances such as market movement and comparative company information that might have an impact on the valuation. <p>In respect of the ownership of investments we:</p> <ul style="list-style-type: none"> Obtained an understanding of the Company's processes and controls surrounding legal title Obtained direct confirmations from a sample of the underlying GPs for funds and direct co-investments in the portfolio at year-end For confirmations not received, we confirmed title through alternative procedures including reviewing cash movements in the year and other relevant documentation. <p>Key observations:</p> <p>Based on our procedures performed we did not identify any matters to suggest that the valuation or ownership of investments was not appropriate</p>
<p>Unfunded commitments and cash flow modelling: (Note 1a and 14)</p>	<p>The Investment Manager monitors the Company's ongoing cash requirements by the use of cash flow modelling and reports to the Board on a regular basis.</p> <p>The Board has taken the decision to make commitments to new fund investments which are greater than the current cash and committed credit facilities. As private equity funds generally call monies over a five-year period whilst they are making investments, the drawdowns for funds which are investing should be offset by the more mature funds which are realising their investments and distributing cash back to the Company.</p> <p>There is a risk of having an obligation to pay out more cash than is available at any particular time.</p> <p>To minimise the risk of having an obligation to pay out more cash than is in the bank or on short-term deposit on any particular day, a loan and multi-currency revolving credit facility are in place.</p> <p>As at 31 December 2021, the Company had outstanding undrawn commitments of £136m. Of this amount, approximately £26m is to funds where the investment period has expired and the Manager would expect very little of this to be drawn.</p> <p>As a result of the assumptions required in the cash flow modelling, this was considered to be a key audit matter.</p>	<p>We reviewed the cash flow modelling and the underlying assumptions for reasonableness. This included:</p> <ul style="list-style-type: none"> Testing the mathematical accuracy of the model including the valuations and commitment balances, Inspecting that the timing and amount of projected commitments agrees to the underlying supporting documentation, Testing the likelihood of anticipated drawdowns based on historic data, and Performing a sensitivity using the 'worst case' cash flow model by assuming accelerated drawdowns of the total amount of outstanding commitments. <p>We reviewed the loan agreements to confirm the loan covenants in place and obtained an independent loan confirmation to confirm existence of the loan at year-end. We also reviewed the monthly / quarterly loan compliance certificates submitted throughout the year for any breaches of loan covenants, ensuring the loan covenants tested agree to those in the loan agreements and considered compliance with loan covenants for the next 12 months.</p> <p>Key observations:</p> <p>Based on our procedures performed we consider the judgement made by management in their cash flow modelling to be appropriate.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements
	2021
Materiality	£4,700,000
Basis for determining materiality	1% of net assets
Rationale for the benchmark applied	In setting materiality, we considered the nature and composition of the investment portfolio. As an investment trust, we consider that the net asset value is the key measure of performance for users of the financial statements. Given that the fund portfolio is comprised of unquoted funds which typically are not complex in nature, we have applied 1% of net assets.
Performance materiality	£3,055,000
Basis for determining performance materiality	65% of materiality The level of performance materiality applied was set after having considered a number of factors including the audit being a first year and the level of transactions in the year.

Lower Threshold

We determined that for Revenue return before tax, a misstatement of less than materiality for the financial statements as a whole, could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. As a result, we have set a lower testing threshold for those items impacting revenue return of £254,000, which is based on 5% of revenue return before tax of this respectively.

Reporting threshold

We agreed with the audit committee that we would report to them all audit differences in excess of £94,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none">• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and• The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	<ul style="list-style-type: none">• Directors' statement on fair, balanced and understandable;• Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;• The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and• The section describing the work of the audit committee

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none">• the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and• the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Corporate governance statement	<p>In our opinion, based on the work undertaken in the course of the audit the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.</p> <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in this information.</p> <p>In our opinion, based on the work undertaken in the course of the audit information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.</p> <p>We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company.</p>

Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.
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Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006, the UK Listing rules, the DTR rules, the principles of the UK Corporate Governance Code, the applicable accounting framework, VAT and other taxes. We also considered the Company's qualification as an Investment Trust under UK tax legislation.

Our procedures included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- enquiries of management and those charged with governance regarding known or suspected instances of non-compliance with laws and regulations or fraud;
- reviewed correspondence with the relevant authorities and review of minutes of board meetings throughout the period for any evidence of fraud or non-compliance with laws and regulations.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and valuation and ownership of investments.

Our procedures in response to these risks included:

- testing the appropriateness of a sample of the journal entries in the general ledger and adjustments made in the preparation of the financial statements, by agreeing to supporting documentation reviewing and assessing the accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that are outside the normal course of the business for the Company and those that appear to be unusual;
- we have obtained independent confirmations for bank, investment and loan balances; and
- the procedures set out in the Key Audit Matters section above.

The engagement partner has assessed and confirmed that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith (Senior statutory auditor)
For and on behalf of BDO LLP,
Statutory Auditor
London UK
7 April 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

For the year ended 31 December 2021						
Notes	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Income						
9	-	128,313	128,313	-	74,076	74,076
	-	3,686	3,686	-	(2,705)	(2,705)
2	6,719	-	6,719	4,988	-	4,988
2	3	-	3	8	-	8
Total income	6,722	131,999	138,721	4,996	71,371	76,367
Expenditure						
3	(394)	(3,546)	(3,940)	(294)	(2,650)	(2,944)
3	-	(4,502)	(4,502)	-	(3,007)	(3,007)
4	(993)	-	(993)	(952)	-	(952)
Total expenditure	(1,387)	(8,048)	(9,435)	(1,246)	(5,657)	(6,903)
Profit before finance costs and taxation						
	5,335	123,951	129,286	3,750	65,714	69,464
5	(255)	(2,298)	(2,553)	(260)	(2,337)	(2,597)
Profit before taxation	5,080	121,653	126,733	3,490	63,377	66,867
6	-	-	-	-	-	-
Profit for year/total comprehensive income	5,080	121,653	126,733	3,490	63,377	66,867
8	6.87p	164.53p	171.40p	4.72p	85.71p	90.43p

The total column of this financial statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with UK adopted international accounting standards. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above financial statement derive from continuing operations.

No operations were acquired or discontinued during the year.

The accompanying notes are an integral part of the above financial statement.

Balance Sheet

As at 31 December 2021			
Notes		2021 £'000	2020 £'000
	Non-current assets		
9	Investments at fair value through profit or loss	483,047	426,249
		483,047	426,249
	Current Assets		
11	Other receivables	230	562
12	Cash and cash equivalents	32,702	8,344
		32,932	8,906
	Current liabilities		
13	Other payables	(6,610)	(4,492)
14	Interest-bearing bank loan	(15,726)	(49,666)
		(22,336)	(54,158)
	Net current assets/(liabilities)	10,596	(45,252)
	Total assets less current liabilities	493,643	380,997
	Non-current liabilities		
14	Interest-bearing bank loan	(20,196)	(21,514)
	Net assets	473,447	359,483
	Equity		
15	Called-up ordinary share capital	739	739
	Share premium account	2,527	2,527
	Special distributable capital reserve	15,040	15,040
	Special distributable revenue reserve	31,403	31,403
	Capital redemption reserve	1,335	1,335
	Capital reserve	422,403	308,439
	Shareholders' funds	473,447	359,483
8	Net asset value per Ordinary Share	640.30p	486.17p

The financial statements were approved and authorised for issue by the Board of Directors on 7 April 2022, and signed on its behalf by:

Mark Tennant

Chairman

The accompanying notes are an integral part of the above financial statement.

Statement of Changes in Equity

For the year ended 31 December 2021								
Notes	Share Capital £'000	Share Premium Account £'000	Special Distributable Capital Reserve £'000	Special Distributable Revenue Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve* £'000	Revenue Reserve £'000	Total £'000
For the year ended 31 December 2021								
	739	2,527	15,040	31,403	1,335	308,439	-	359,483
	-	-	-	-	-	121,653	5,080	126,733
7	-	-	-	-	-	(7,689)	(5,080)	(12,769)
	739	2,527	15,040	31,403	1,335	422,403	-	473,447
For the year ended 31 December 2020								
	739	2,527	15,040	31,403	1,335	253,233	-	304,277
	-	-	-	-	-	63,377	3,490	66,867
7	-	-	-	-	-	(8,171)	(3,490)	(11,661)
	739	2,527	15,040	31,403	1,335	308,439	-	359,483

* As at 31 December 2021, the distributable element of this reserve was £223,629,000 (2020 £147,697,000).

The accompanying notes are an integral part of the above financial statement.

Statement of Cash Flows

For the year ended 31 December 2021		
Notes	2021 £'000	2020 £'000
Operating activities		
Profit before taxation	126,733	66,867
Adjustments for:		
9 Gains on disposals of investments	(90,281)	(8,954)
9 Increase in holding gains	(38,032)	(65,122)
Exchange differences	(3,686)	2,705
2 Interest income	(3)	(8)
Interest received	3	8
2 Investment income	(6,719)	(4,988)
Investment income received	6,719	4,988
5 Finance costs	2,553	2,597
Decrease/(increase) in other receivables	531	(536)
Increase in other payables	2,279	1,299
Net cash inflow/(outflow) from operating activities	97	(1,144)
Investing activities		
9 Purchases of investments	(81,234)	(36,117)
9 Sales of investments	152,749	32,588
Net cash inflow/(outflow) from investing activities	71,515	(3,529)
Financing activities		
14 Drawdown of bank loans	-	20,208
14 Repayment of bank loans	(31,243)	-
14 Arrangement costs of loan facility	(236)	-
Interest paid	(2,607)	(2,194)
7 Equity dividends paid	(12,769)	(11,661)
Net cash (outflow)/inflow from financing activities	(46,855)	6,353
Net increase in cash and cash equivalents	24,757	1,680
Currency (losses)/gains	(399)	155
Net increase in cash and cash equivalents	24,358	1,835
Opening cash and cash equivalents	8,344	6,509
Closing cash and cash equivalents	32,702	8,344

The accompanying notes are an integral part of the above financial statement.

Notes to the Financial Statements

1 Accounting policies

A summary of the significant accounting policies adopted is set out below.

(a) Basis of accounting

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 and UK adopted international accounting standards.

The principal accounting policies are set out below. Where presentational guidance set out in the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ('SORP') issued by the Association of Investment Companies ('AIC') in November 2014 and updated in February 2018 is consistent with the requirements of UK adopted international accounting standards, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The notes and financial statements are presented in pounds sterling (functional and presentation currency) and are rounded to the nearest thousand except where otherwise indicated.

Going concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further detail is contained in the Report of the Directors on page 32.

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Company, the availability of the Company's loan facility and compliance with its banking covenants. They have also considered year-end cash balances and forecast cash flows, especially those relating to capital commitments and realisations.

As at 31 December 2021, the Company had outstanding undrawn commitments of £136.4 million. Of this amount, approximately £26 million is to funds where the investment period has expired and the Manager would expect very little of this to be drawn. Of the outstanding undrawn commitments remaining within their investment periods, the Manager would expect that a significant amount will not be drawn before these periods expire. As at 31 December 2021 the Company had a committed borrowing facility comprising a term loan of €25 million and a revolving credit facility of £95 million. This facility is due to expire on 19 June 2024 when its five-year term concludes.

At the 31 December 2021 the Company had fully drawn the term loan of €25 million and had drawn £15.7 million of the revolving credit facility. The available proportion of the facility can be used to fund any shortfall between the proceeds received from realisations and drawdowns made from funds in the Company's portfolio or funds required for co-investments. Under normal circumstances this amount of 'headroom' in the facility would be more than adequate to meet any such shortfall.

At present the global economy continues to suffer disruption due to the effects of COVID-19, inflation concerns and the conflict in Ukraine and the Directors have given serious consideration to the consequences of this for the private equity market in general and for the cashflows and asset values of the Company specifically over the next twelve months. The Company has a number of loan covenants and at present the Company's financial situation does not suggest that any of these covenants are close to being breached. The Directors are mindful of the extraordinary nature of the current economic situation and have conducted stress tests to examine the possible circumstances which would result in the Company's covenants being breached. Three scenarios were tested: business as usual; the experience of the global financial crisis; and the impact of a very severe recession. The Directors have also considered any remedial measures which the Company could practically employ to avoid a covenant breach if that appears likely.

It is the Directors' opinion that the circumstances which would give rise to a covenant breach have a low probability. The primary risk is that there is a very substantial decrease in the asset value of the Company in the short or medium term. Given prior experience in the last financial crisis of 2008/2009 and allowing for the breadth of the Company's portfolio and the valuation methodologies of the Company's investment managers and their investment partners, the Directors do not expect that the possible reduction in asset value arising from the current volatility will be of sufficient magnitude to give rise to a covenant breach.

In addition to the possible effect of the current volatility on valuations, the Directors have also reviewed the forecast cashflows of the Company comprising future drawdowns and distributions. The cashflow forecasts take into account potential equity refinancings of portfolio companies, whether held through funds or as co-investments, which may be necessary as a result of disruption during the COVID-19 pandemic. The Managers have incorporated detailed responses from companies and investment managers in preparing the cashflow forecasts.

1 Accounting policies (continued)

Having compared these against the Company's current and projected available funding sources, principally its committed borrowing facility noted above, the Directors have confidence that there is a low probability that a covenant breach related to capacity to meet cashflow requirements will occur.

Furthermore, being aware of the possible risks the Directors have considered in detail a number of remedial measures that are open to the Company which it may take if such a covenant breach appears possible. These include reducing commitments and raising cash through engaging with the private equity secondaries market. The Managers have considerable experience in the private equity secondaries market through the activities of the Company and through the management of other private equity funds. The Directors have considered other actions which the Company may take in the event that a covenant breach was imminent including taking measures to increase the Company's asset base through an issuance of equity either for cash or pursuant to the acquisition of other private equity assets. The Directors have also considered the likelihood of the Company making alternative banking arrangements with its current lenders or another lender.

Having considered the likelihood of the events which could cause a covenant breach and the remedies available to the Company, the Directors are of the view that the Company is well placed to manage such an eventuality satisfactorily. Based on this information the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

The accounting policies adopted are consistent with those of the previous financial year.

Standards issued but not yet effective.

There are no standards or amendments to standards not yet effective that are relevant to the Company and should be disclosed.

(b) Income

Investment income is determined on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Overseas dividends are shown net of withholding tax. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash (scrip dividends), the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the Statement of Comprehensive Income. Other income which includes deposit interest is recognised on an accruals basis.

(c) Expenses

Expenses are accounted for on an accruals basis.

In accordance with the Board's expected long-term split of returns in the form of capital gains and income, management fee and bank loan interest are allocated 90 per cent to capital and 10 per cent to revenue. All other expenses are charged to revenue with the exception of any performance fee (described in more detail in note 3) which is charged fully to capital.

Transaction costs incurred on the purchase and sale of investments are taken to the Statement of Comprehensive Income as a capital item.

(d) Reserves

- (i) Share Premium Account – the surplus of net proceeds received from the issue of new ordinary shares over the nominal value of such shares is credited to this account. The nominal value of the shares issued is recognised in share capital.
- (ii) Special Distributable Capital Reserve – the Special Distributable Capital Reserve is available for the Company to return capital to shareholders and for the buy back of shares.
- (iii) Special Distributable Revenue Reserve – the Special Distributable Revenue Reserve is available for the Company to return revenue to shareholders by way of special dividends and for the buy back of shares.
- (iv) Capital Redemption Reserve – the nominal value of the Restricted Voting Shares bought back for cancellation was added to this reserve. This reserve is non-distributable.
- (v) Capital Reserve – holding gains and losses, gains and losses on the disposal of investments and exchange adjustments to overseas currencies are taken to the Capital Reserve together with the proportion of management fees, finance costs and taxation allocated to capital. Dividends paid may be deducted from accumulated realised capital profits recognised within this reserve.
- (vi) Revenue Reserve – the net profit/loss arising in the revenue column of the Statement of Comprehensive Income is added to this reserve. Dividends paid during the year may be deducted from this reserve.

(e) Investments

Investments are classified as fair value through profit or loss at initial recognition and are recognised on trade date. Investments are measured initially and at subsequent reporting dates at fair value. For listed investments this is closing bid price. Unlisted investments are fair valued by the Directors and determined in accordance with the International Private Equity and Venture Capital Valuation guidelines. The guidelines are also followed in respect of the marketability discounts applied to unlisted investments. The estimate of fair value is normally the latest valuation placed on an investment by its manager as at the Balance Sheet date. Where formal valuations are not completed as at the Balance Sheet date, the last available valuation from the manager is adjusted for any subsequent cash flows occurring between the valuation date and the Balance Sheet date. Investments held in foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Purchases and sales of investments are recognised at the trade date of the transaction. Gains and losses arising from the changes in fair value are included in net profit for the year as a capital item.

1 Accounting policies (continued)

All investments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy in note 10, described as follows, based on the lowest significant applicable input:

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison from direct or indirectly observable current market data over the entire period of the instrument's life. Such inputs include observable current market transactions in the same instrument or based on a valuation technique which include observable inputs from active markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

For investments that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest significant applicable input) at the date of the event that caused the transfer.

(f) Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end. Non-monetary fixed assets held at fair value through profit and loss and denominated in foreign currencies are reported at the rates of exchange prevailing when the fair value was assessed. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in either the capital or revenue column of the Statement of Comprehensive Income depending on whether the gain or loss is of a capital or revenue nature respectively.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the Statement of Comprehensive Income as part of the 'Gains on investments held at fair value'. Exchange differences on other financial instruments are included in profit or loss in the Statement of Comprehensive Income as 'Exchange gains'.

Rates of exchange at 31 December	2021	2020
Euro	1.19105	1.1172
US Dollar	1.35445	1.36695
Norwegian Krone	11.944006	11.70385
Swedish Krona	12.263017	11.22624
Swiss Franc	1.2341	1.2083

(g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval under section 1158 Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(h) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and overnights deposits.

(i) Interest-bearing borrowings

All borrowings are initially recognised at cost, being fair value of the consideration received, net of arrangement costs associated with the borrowings. After initial recognition, all interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

1 Accounting policies (continued)

(j) Use of judgements, estimates and assumptions

The presentation of the financial statements in accordance with accounting standards requires the Board to make judgements, estimates and assumptions that affect the accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on perceived risks, historical experience, expectations of plausible future events and other factors. The nature of the estimations means that actual outcomes could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The area requiring the most significant judgement and estimation in the preparation of the financial statements is accounting for the value of unquoted investments. The policy for valuation of unquoted investments is set out in note 1(e) and further information on Board procedures is contained in the Report of the Audit Committee and note 10.

2 Income

	31 December 2021 £'000	31 December 2020 £'000
Investment income	6,719	4,988
Other income		
Deposit interest	3	8
	6,722	4,996

3 Investment management fee

	Revenue £'000	Capital £'000	2021 Total £'000	Revenue £'000	Capital £'000	2020 Total £'000
Investment management fee – basic fee	394	3,546	3,940	294	2,650	2,944
Investment management fee – performance fee	–	4,502	4,502	–	3,007	3,007
Total	394	8,048	8,442	294	5,657	5,951

The Company's investment manager is BMO Investment Business Limited ("the Manager").

Throughout the year the Manager was entitled to a basic management fee payable quarterly in arrears, of 0.9 per cent per annum of the relevant assets of the Company (2020: 0.9 per cent). For the purposes of the basic management fees, the 'relevant' assets are the net assets plus the amount of any long-term borrowings undertaken for the purpose of investment but excluding the value of any investment in any fund which is managed by the Manager or an associate of the Manager.

The Manager is also entitled to an annual performance fee if the internal rate of return per Ordinary Share over the relevant performance period (based on the net asset values per Ordinary Share at the beginning and end of that period, before accruing for any performance fee, and the dividends paid and other distributions made per Ordinary Share during that period) exceeds 8 per cent per annum (the "performance hurdle").

The performance fee is also subject to a "high water mark" such that the aggregate of the net asset value per Ordinary Share at the end of the relevant performance period, before accruing for any performance fee, and the dividends paid and other distributions made per Ordinary Share since 31 December 2020 (the end of the last period in respect of which a performance fee was paid) must exceed the audited diluted net asset value of 486.17p per Ordinary Share as at 31 December 2020 (the net asset value per Ordinary Share (fully diluted) at the end of the last period in respect of which a performance fee was paid, after accruing for that performance fee).

If the above conditions are satisfied in respect of a performance period, the performance fee will be equal to 7.5 per cent of the annualised increase in the net asset value per Ordinary Share (calculated using the internal rate of return per Ordinary Share) over that period multiplied by the time-weighted average number of Ordinary Shares in issue (excluding any shares held in treasury) during that period, provided that such performance fee will be reduced to such amount as may be necessary to ensure that (i) both the performance hurdle and the high water mark would still be satisfied if calculated based on the net asset value per Ordinary Share at the end of that period after accruing for the performance fee and (ii) the aggregate basic management and performance fees do not exceed 2 per cent per annum of the Company's net asset value. The performance period is the 36 month period ending on 31 December in the year in respect of which the performance fee may be payable.

The management agreement between the Company and the Manager may be terminated at any time by either party giving six months' notice of termination. The management agreement can be terminated by the Company by written notice with immediate effect and no compensation being payable, if, inter alia, the Manager ceases to be an authorised person under the Financial Services and Markets Act 2000, or becomes insolvent, is wound up, has a receiver appointed over the whole or a substantial part of its assets or is liquidated. In the event that the Company

3 Investment management fee (continued)

terminates the agreement otherwise than in accordance with the management agreement, the Manager is entitled to receive a compensation payment. The compensation sum shall be an amount equal to 0.9 per cent of the net asset value of the Company as calculated at the business day prior to such termination becoming effective reduced pro rata in respect of any period of notice actually given from the date of receipt by the Manager of such notice to the effective date of termination.

During the year the Manager, also received a secretarial and administrative fee of £157,000 (2020: £152,000), which is subject to increases in line with the Consumer Price Index.

4 Other expenses

	2021 £'000	2020 £'000
Auditor's remuneration for:		
– statutory audit of the financial statements	48	96
Broker fees	41	28
Depository fees	80	57
Directors' fees	269	227
Legal fees	3	14
Printing and postage	35	31
Registrars fees	27	35
Secretarial and administrative fee	157	152
Stock exchange fees	23	56
Irrecoverable VAT	104	107
Other	206	149
	993	952

5 Finance costs

	Revenue £'000	Capital £'000	2021 Total £'000	Revenue £'000	Capital £'000	2020 Total £'000
Interest payable on bank loans	255	2,298	2,553	260	2,337	2,597

6 Taxation on ordinary activities

(a) Analysis of charge for the year

	Revenue £'000	Capital £'000	2021 Total £'000	Revenue £'000	Capital £'000	2020 Total £'000
UK corporation tax	-	-	-	-	-	-

(b) Reconciliation of taxation for the year

The taxation charge for the year is 19.00 per cent (2020: 19.00 per cent). The table below provides a reconciliation of the respective charges.

	Revenue £'000	Capital £'000	2021 Total £'000	Revenue £'000	Capital £'000	2020 Total £'000
Profit before tax	5,080	121,653	126,733	3,490	63,377	66,867
Corporation tax at standard rate of 19.00 per cent (2020: 19.00 per cent)	965	23,114	24,079	663	12,042	12,705
Effects of:						
Non taxable capital gains	-	(25,079)	(25,079)	-	(13,561)	(13,561)
Non taxable dividend income	(37)	-	(37)	(199)	-	(199)
Unutilised expenses	(928)	1,965	1,037	(464)	1,519	1,055
	-	-	-	-	-	-

At 31 December 2021, there was an unrecognised deferred tax asset of £9,064,000 in respect of unutilised losses carried forward which has not been recognised as it is unlikely to be utilised in the foreseeable future (2020: £6,706,000).

7 Dividends

	2021 £'000	2020 £'000
Amounts recognised as distributions to shareholders in the year:		
Quarterly Ordinary Share dividend of 3.87p per share for the quarter ended 30 September 2019	-	2,862
Quarterly Ordinary Share dividend of 3.92p per share for the quarter ended 31 December 2019	-	2,899
Quarterly Ordinary Share dividend of 3.99p per share for the quarter ended 31 March 2020	-	2,950
Quarterly Ordinary Share dividend of 3.99p per share for the quarter ended 30 June 2020	-	2,950
Quarterly Ordinary Share dividend of 3.99p per share for the quarter ended 30 September 2020	2,950	-
Quarterly Ordinary Share dividend of 4.16p per share for the quarter ended 31 December 2020	3,076	-
Quarterly Ordinary Share dividend of 4.35p per share for the quarter ended 31 March 2021	3,216	-
Quarterly Ordinary Share dividend of 4.77p per share for the quarter ended 30 June 2021	3,527	-
	12,769	11,661
Amounts relating to the year but not paid at the year end:		
Quarterly Ordinary Share dividend of 3.99p per share for the quarter ended 30 September 2020	-	2,950
Quarterly Ordinary Share dividend of 4.16p per share for the quarter ended 31 December 2020	-	3,076
Quarterly Ordinary Share dividend of 5.27p per share for the quarter ended 30 September 2021	3,897	-
Quarterly Ordinary Share dividend of 5.65p per share for the quarter ended 31 December 2021*	4,178	-
	8,075	6,026

The third and fourth quarterly dividends were paid from the Company's revenue and capital reserves.

* Based on 73,941,429 Ordinary Shares in issue at 6 April 2022.

Special dividends

There were no special dividends paid during the year ended 31 December 2021 and 31 December 2020.

8 Returns and net asset values

	2021	2020
The returns and net asset values per share are based on the following figures:		
Revenue return	£5,080,000	£3,490,000
Capital return	£121,653,000	£63,377,000
Net assets attributable to shareholders	£473,447,000	£359,483,000
Number of shares in issue at end of year	73,941,429	73,941,429
Weighted average number of shares in issue during year	73,941,429	73,941,429

	Revenue	Capital	2021 Total	Revenue	Capital	2020 Total
Return per Ordinary Share	6.87p	164.53p	171.40p	4.72p	85.71p	90.43p
			2021			2020
Net asset value per Ordinary Share			640.30p			486.17p

Returns per share are calculated on the weighted average number of shares in issue during the year. Net asset values per share are calculated on the number of shares in issue at the year end. During the year ended 31 December 2021, the Company issued nil Ordinary Shares (31 December 2020: nil).

9 Investments

	Listed £'000	Unlisted £'000	2021 Total £'000	Listed £'000	Unlisted £'000	2020 Total £'000
Cost at beginning of year	-	265,507	265,507	1,872	251,152	253,024
Movements during the year:						
Purchases	-	83,187	83,187	-	36,117	36,117
Sales	-	(154,702)	(154,702)	-	(32,588)	(32,588)
Realised gains/(losses)	-	90,281	90,281	(1,872)	10,826	8,954
Cost at end of the year	-	284,273	284,273	-	265,507	265,507
Holding gains	300	198,474	198,774	93	160,649	160,742
Valuation at end of year	300	482,747	483,047	93	426,156	426,249
			2021 £'000			2020 £'000
Realised gains on investments sold			90,281			8,954
Increase in holding gains			38,032			65,122
Gains on investments			128,313			74,076

Unlisted investments are valued in accordance with the policies set out in note 1(e). It is in the nature of Private Equity and similar unquoted investments that they may be loss making, with no certainty of survival, and that they may prove difficult to realise. The concept of "fair value" as applied to such investments is not precise and their ultimate realisation may be at a value materially different from that reflected in the accounts. Further details on the valuation process in respect of Private Equity investments can be found in note 10.

No transaction costs were incurred outwith commitment (2020: £nil).

10 Fair value of assets and liabilities

Fair value hierarchy

The following table shows an analysis of the fair values of financial instruments recognised in the balance sheet by level of the fair value hierarchy:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2021 Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2020 Total £'000
Financial assets								
Investments	300	-	482,747	483,047	93	-	426,156	426,249
Other receivables	-	230	-	230	-	562	-	562
Cash and cash equivalents	32,702	-	-	32,702	8,344	-	-	8,344
Financial liabilities								
Other payables	-	(6,610)	-	(6,610)	-	(4,492)	-	(4,492)
Multi-currency revolving credit facility	-	(15,726)	-	(15,726)	-	(49,666)	-	(49,666)
Term loan	-	(20,981)	-	(20,981)	-	(22,371)	-	(22,371)

There were no transfers between levels in the fair value hierarchy in the year ended 31 December 2021 (2020: none).

Valuation techniques and processes

Listed equity investments

Quoted non-current investments held are valued at bid prices which equate to their fair values. When fair values of publicly traded equities are based on quoted market prices in an active market without any adjustments, the investments are included within Level 1 of the hierarchy.

Unlisted equity investments

The Company invests primarily in private equity funds and co-investments via limited partnerships or similar fund structures. Such vehicles are mostly unquoted and in turn invest in unquoted securities. The fair value of a holding is based on the Company's share of the total net asset value of the fund or share of the valuation of the co-investment calculated by the lead private equity manager on a quarterly basis.

The lead private equity manager derives the net asset value of a fund from the fair value of underlying investments. The fair value of these underlying investments and the Company's co-investments is calculated using methodology which is consistent with the International Private

10 Fair value of assets and liabilities (continued)

Equity and Venture Capital Valuation Guidelines ("IPEG"). In accordance with IPEG these investments are generally valued using an appropriate multiple of maintainable earnings, which has been derived from comparable multiples of quoted companies or recent transactions. The BMO private equity team has access to the underlying valuations used by the lead private equity managers including multiples and any adjustments. The BMO Private Equity team generally values the Company's holdings in line with the lead managers but may make adjustments where they do not believe the underlying managers' valuations represent fair value.

On a quarterly basis, the BMO Private Equity team present the valuations to the Board. This includes a discussion of the major assumptions used in the valuations, which focuses on significant investments and significant changes in the fair value of investments. If considered appropriate, the Board will approve the valuations.

Interest-bearing bank loans

The interest-bearing bank loans are recognised in the Balance Sheet at amortised cost in accordance with international accounting standards. The fair value of the term loan, on a marked to market basis was £20,981,000 at 31 December 2021 (2020: £22,371,500). The fair value is derived from directly observable market data and is calculated using a discounted cash flow technique based on relevant current interest rates. The fair value of the multi-currency revolving credit facility is not materially different to the carrying value at 31 December 2021.

Significant unobservable inputs for Level 3 valuations

The Company's unlisted investments are all classified as Level 3 investments. The fair values of the unlisted investments have been determined principally by reference to earnings multiples, with adjustments made as appropriate to reflect matters such as the sizes of the holdings and liquidity. The weighted average earnings multiple for the portfolio as at 31 December 2021 was 12.2 times EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) (2020: 10.0 times EBITDA).

The significant unobservable input used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are shown below:

Input	Sensitivity used*	Effect on fair value £'000
31 December 2021		
Weighted average earnings multiple	1x	52,219
31 December 2020		
Weighted average earnings multiple	1x	59,874

*The sensitivity analysis refers to an amount added or deducted from the input and the effect this has on the fair value of the Company's direct and indirect unlisted investments.

The fair value of the Company's unlisted investments is sensitive to changes in the assumed earnings multiples. The managers of the underlying funds assume an earnings multiple for each holding. An increase in the weighted average earnings multiple would lead to an increase in the fair value of the investment portfolio and a decrease in this multiple would lead to a decrease in the fair value.

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the year:

	2021 £'000	2020 £'000
Balance at beginning of year	426,156	348,574
Purchases	83,187	36,117
Sales	(154,702)	(32,588)
Gains on disposal	90,281	10,826
Holding gains	37,825	63,227
Balance at end of year	482,747	426,156

The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet.

11 Other receivables

	2021 £'000	2020 £'000
Investment debtors	-	533
Other debtors	230	29
	230	562

12 Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at banks and on hand	8,512	1,384
Short-term deposits	24,190	6,960
	32,702	8,344

13 Current liabilities

Other payables	2021 £'000	2020 £'000
Interest accrued	9	413
Due to Manager	5,620	3,862
Accrued expenses	210	217
Trade Creditors	771	-
	6,610	4,492

14 Interest-bearing bank loans

On 19 June 2019, the Company entered into a five year €25 million term and £75 million multi-currency revolving credit facility agreement ("RCF") with The Royal Bank of Scotland International Limited.

During the year, the Company worked with RBSI to increase the size of the revolving credit facility by £20 million to £95 million. This was achieved through the introduction of State Street as another lender alongside RBSI. There were no changes to rates or covenants. At 31 December 2021, €25 million term loan was drawn down (31 December 2020: €25 million). £15.7 million of the RCF was drawn down at 31 December 2021 (31 December 2020: £49.7 million). The amount of undrawn RCF at 31 December 2021 which is available for future operating activities and settling capital commitments is £79.3 million.

Interest rate margins on the amount drawn down are variable and are dependent upon commercial terms agreed with the bank. Commitment commissions are payable on undrawn amounts at commercial rates.

The borrowing facility will mature on 19 June 2024.

Interest payable on bank loans is shown in note 5 and loan interest accrued in note 13.

Under the covenants which relate to the facility, the Company is required to ensure that at all times:

- the total borrowings of the Company do not exceed 32.5 per cent of the adjusted portfolio value;
- the number of Investments shall not be less than 40;
- outstanding uncalled commitments expressed as a percentage of net asset value do not exceed 70 per cent;
- outstanding uncalled commitments forecast to be called during the three month period following a covenant test date do not exceed the available funds; and
- the net asset value is not less than £180 million.

The Company met all covenant conditions during the year.

	£'000	£'000
Amounts payable after more than one year:		
€25 million term loan	20,196	21,514
Amounts payable in less than one year:		
Multi-currency revolving credit facility	15,726	49,666
Total interest-bearing bank loans	35,922	71,180

	31 December 2021 £'000	31 December 2020 £'000
Analysis of movement in interest-bearing loans		
Opening balance	71,180	47,864
Loans drawn in the year	-	20,208
Loan repaid in the year	(31,243)	-
Arrangement costs from issue of new loan facility agreement	(236)	-
Amortisation of set up costs	305	249
Non-cash foreign currency movements	(4,084)	2,859
Closing balance	35,922	71,180

15 Share capital

Equity share capital

	31 December 2021 £'000	31 December 2020 £'000
Equity share capital:		
Ordinary Shares of 1p each in issue	739	739

During the year ended 31 December 2021, the Company issued nil Ordinary Shares (2020: nil).

Capital management

The Company's capital is represented by its issued share capital, share premium account, special distributable capital reserve, special distributable revenue reserve, capital redemption reserve, capital reserve and revenue reserve.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed on pages 7 and 9.

16 Financial instruments

The Company's financial instruments comprise equity investments, cash balances, a bank loan and liquid resources including debtors and creditors. As an investment trust, the Company holds a portfolio of financial assets in pursuit of its investment objective. From time to time the Company may make use of borrowings to fund outstanding commitments and achieve improved performance in rising markets. The downside risk of borrowings may be reduced by raising the level of cash balances held.

The sensitivity calculations given in this note are based on positions at the respective balance sheet dates and are not representative of the year as a whole.

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are market price risk, interest rate risk, liquidity and funding risk, credit risk and foreign currency risk.

Market price risk

The Company's strategy for the management of market price risk is driven by the Company's investment policy as outlined on page 9. The management of market price risk is part of the investment management process and is typical of private equity investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Further information on the investment portfolio is set out on pages 23 to 27. Investments in unquoted stocks, by their nature, involve a higher degree of risk than investments in the listed market. Some of that risk can be, and is, mitigated by diversifying the portfolio across geographies, business sectors and asset classes, and by having a variety of underlying private equity managers. New private equity managers are only chosen following a rigorous due diligence process. The Company's overall market positions are monitored by the Board on a quarterly basis. The effect on the portfolio of a 20% increase or decrease in the portfolio as at the year-end would have resulted in an increase or decrease of £96,609,400.

Interest rate risk

Some of the Company's financial assets are interest bearing and, as a result, the Company is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

When the Company retains cash balances the majority of the cash is held in deposit accounts. The benchmark rate which determines the interest payments received on cash balances is the bank base rate for the relevant currency.

The Company held the following floating rate instruments at the year-end:

	2021 £'000	2021 weighted average interest rate	2021 weighted average for which rate is fixed (years)	2020 £'000	2020 weighted average interest rate	2020 weighted average for which rate is fixed (years)
Cash and cash equivalents	32,702	0.01%	–	8,344	0.03%	–
Multi-currency revolving credit facility	(15,726)	2.75%	0.2	(49,666)	2.75%	0.2
Term loan	(20,196)	2.50%	0.2	(21,514)	1.96%	0.2

An increase of 25 basis points in interest rates as at 31 December 2021 would have increased loan interest payable, increased interest income receivable and decreased the total profit for the year by £10,035 (2020: increased loan interest payable, increased interest income receivable and decreased the total profit by £159,248). A decrease of 25 basis points would have had an equal but opposite effect.

16 Financial instruments (continued)

Liquidity and funding risk

The Company's financial instruments include investments in unlisted equity investments which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements, including the need to meet outstanding undrawn commitments or to respond to specific events such as a deterioration in the creditworthiness of any particular issuer.

Capital commitments in respect of outstanding calls on investments at 31 December 2021 amounted to £136,436,000 (2020: £125,058,000). Of these outstanding commitments, at least £26 million (2020: £21 million) is to funds where the investment period has ended and the Manager would expect very little of this to be drawn. The outstanding undrawn commitments remaining within their investment periods are regularly monitored by the Manager using a cashflow model and will be funded using cash, the revolving credit facility and realised capital gains from more mature funds which are distributing cash back to the Company.

The Company's listed securities are considered to be readily realisable.

The Company's liquidity risk is managed on an ongoing basis by the Manager in accordance with policies and procedures in place as described on page 9. The Company's overall liquidity risks are currently monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses.

Contractual maturity analysis for financial liabilities

As at 31 December 2021

	One month £'000	Between one and three months £'000	Between three and twelve months £'000	Between one and five years £'000	Total £'000
Liabilities					
Other creditors	1,855	253	4,502	-	6,610
Multi-currency revolving credit facility	-	15,726	-	-	15,726
Term bank loan	-	-	394	21,768	22,162
Total liabilities	1,855	15,979	4,896	21,768	44,498

As at 31 December 2020

	One month £'000	Between one and three months £'000	Between three and twelve months £'000	Between one and five years £'000	Total £'000
Liabilities					
Other creditors	1,160	325	3,007	-	4,492
Multi-currency revolving credit facility	-	49,905	-	-	49,905
Term bank loan	-	94	348	22,428	22,870
Total liabilities	1,160	50,324	3,355	22,428	77,267

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets best represents the maximum credit risk exposure at the balance sheet date, hence no separate disclosure is required.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2021 £'000	2020 £'000
Cash and cash equivalents	32,702	8,344
Interest and other receivables	230	562
	32,932	8,906

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used. The Manager monitors the quality of service provided by the brokers used to further mitigate this risk.

All the listed assets of the Company (which are traded on a recognised exchange) are held by JPMorgan Chase Bank, the Company's custodian.

16 Financial instruments (continued)

The Company has an ongoing contract with the Custodian for the provision of custody services. The contract was reviewed and updated in 2014. Details of securities held in custody on behalf of the Company are received and reconciled monthly. The Depository has regulatory responsibilities relating to segregation and safekeeping of the Company's financial assets, amongst other duties, as set out in the Directors' Report. The Board has direct access to the Depository and receives regular reports from it.

To the extent that the Manager carries out management and administrative duties (or causes similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with the management of BMO (including the Fund Manager). In reaching its conclusions, the Board also reviews BMO's annual Audit and Assurance Faculty Report.

The Company's cash balances are held by a number of counterparties with a credit rating above BBB+. Bankruptcy or insolvency of these counterparties may cause the Company's rights with respect to the cash balances to be delayed or limited. The Manager monitors the credit quality of the relevant counterparties and should the credit quality or the financial position of these counterparties deteriorate significantly the Manager would move the cash holdings to another bank.

Foreign currency risk

The Company invests in overseas securities and holds foreign currency cash balances which give rise to currency risks. It is not the Company's policy to hedge this risk on a continuing basis but it may do so from time to time. The Company has a multi-currency revolving credit facility which allows it to be drawdown in multiple currencies. There were no currency forwards open at the year end.

Foreign currency exposure at the year end is:

	2021 Investments £'000	2021 Cash £'000	2021 Borrowings £'000	2020 Investments £'000	2020 Cash £'000	2020 Borrowings £'000
US Dollar	64,694	-	-	52,178	564	-
Euro	159,589	3,738	(36,716)	151,917	817	(72,044)
Norwegian Krone	6	129	-	1,854	-	-
Swedish Krona	12,103	-	-	10,285	-	-
Canadian Dollar	2,045	-	-	-	-	-
Swiss Franc	-	-	-	-	-	-
Total	238,437	3,867	(36,716)	216,234	1,381	(72,044)

To highlight the sensitivity to currency movements, if the value of sterling had weakened against each of the currencies in the portfolio by 5 per cent at 31 December 2021, the capital gain would have increased for the year by £10.8 million (2020: positive £7.7 million). If the value of sterling had strengthened against each of the currencies in the portfolio by 5 per cent, the capital gain would have decreased for the year by £9.8 million (2020: negative £6.9 million). The calculations are based on the portfolio valuation and cash and loan balances as at the respective balance sheet dates and are not representative of the year as a whole.

17 Related Parties and Transactions with the Manager

The Directors are considered to be related parties. There are no transactions with the Directors other than aggregated remuneration for services as Directors and Directors' shareholding as disclosed in the Directors' Remuneration Report on pages 40 and 41 and set out in note 4 to the accounts. There are no outstanding balances with the Directors at year end.

The amounts paid and due to the Manager, together with the details of the Investment Management Agreement, are disclosed in note 3 and note 13. The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under the AIC SORP, the Manager is not considered to be a related party.

18 Securities Financing Transactions ("SFT")

The Company has not, in the year to 31 December 2021 (2020: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions collectively called SFT. As such, it has no disclosure to make in satisfaction of the EU regulations on transparency of SFT, issued in November 2015.

AIFM Disclosures

Alternative Investment Fund Managers ('AIFM') Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, BMO Investment Business Limited, is required to be made available to investors.

The Company's maximum and average actual leverage levels at 31 December 2021 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	200%	200%
Actual	102%	109%

For the purposes of the AIFM Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of Company's exposure to its net asset value and is calculated on both a gross and commitment method.

Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Detailed regulatory disclosures including those on the AIFM's remuneration policy and costs are available on the Company's website or from BMO on request.

An Investor Disclosure Document for the Company is available on the Company's website [bmoprivateequitytrust.com](https://www.bmoprivateequitytrust.com).

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended immediately to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your shares in BMO Private Equity Trust PLC, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

Notice is hereby given that the twenty-third Annual General Meeting of BMO Private Equity Trust PLC (in this notice, the “Company”) will be held on 26 May 2022 commencing at 12 noon at Exchange House, Primrose Street, London EC2A 2NY, to transact the following business:

Ordinary Business

To consider and, if thought fit, pass the following as ordinary resolutions:

1. That the Report of the Directors, the Auditor’s Report and the financial statements for the year ended 31 December 2021 be received and adopted.
2. That the Directors’ Remuneration Report for the year ended 31 December 2021 be approved.
3. To approve the Company’s dividend policy as set out on page 9 of the 2021 annual report.
4. That Richard Gray, who retires annually, be re-elected as a Director.
5. That Elizabeth Kennedy, who retires annually, be re-elected as a Director.
6. That Audrey Baxter, who retires annually, be re-elected as a Director.
7. That Tom Burnet, who retires annually, be re-elected as a Director.
8. That Swantje Conrad, who retires annually, be re-elected as a Director.
9. That David Shaw, who retires annually, be re-elected as a Director.
10. That BDO LLP be re-appointed as auditor.
11. That the Directors be authorised to determine the remuneration of the auditor.

Special Business

To consider and, if thought fit, pass the following resolutions, of which resolution 12 will be passed as an ordinary resolution and resolutions 13 and 14 will be passed as special resolutions.

12. That, in accordance with Section 551 of the Companies Act 2006 (the “Act”), the Directors be and they are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (“Rights”) up to an aggregate nominal amount of £73,941 (being an amount equal to 10 per cent of the total issued ordinary share capital of the Company (excluding shares held in treasury) as at 6 April 2022, being the latest practicable date before the publication of this notice). Unless previously varied, revoked or renewed, this authority shall expire at the conclusion of the Annual General Meeting of the Company in 2023, save that the Company may, before the expiry of any authority contained in this resolution, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for all previous authorities conferred on the Directors in accordance with Section 551 of the Act.

13. That the Directors be empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the general authority conferred on them by resolution 12 and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Act, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:
- any such allotment and/or sale of equity securities in connection with an offer or issue by way of rights or other pre-emptive offer or issue, open for acceptance for a period fixed by the Directors, to holders of Ordinary Shares (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be) to the respective number of Ordinary Shares deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
 - any such allotment and/or sale, otherwise than pursuant to sub-paragraph (a) above, of equity securities having an aggregate nominal value not exceeding the sum of £36,970 (being an amount equal to 5 per cent of the total issued ordinary share capital of the Company as at 6 April 2022, being the latest practicable date before the publication of this notice).

This authority shall expire, unless previously varied, revoked or renewed by the Company in general meeting at the conclusion of the Annual General Meeting of the Company in 2023, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

14. That the Company be and it is hereby authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares in the capital of the Company provided that:
- the maximum number of Ordinary Shares authorised to be purchased shall be 11,083,820, (being 14.99 per cent of the number of the Ordinary Shares in issue as at 6 April 2022, being the latest practicable date before the publication of this notice);
 - the minimum price which may be paid for an Ordinary Share shall be 1p;
 - the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than the higher of:
 - 5 per cent above the average of the middle market quotations of Ordinary Shares as derived from the Daily Official List for the five business days immediately preceding the date of purchase;
 - the price of the last independent trade on the trading venue where the purchase is carried out; and
 - the highest current independent purchase bid on that venue; and
 - unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2023, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

By order of the Board

BMO Asset Management (Holdings) PLC, Secretary
 6th Floor
 Quatermile 4
 7a Nightingale Way
 Edinburgh EH3 9EG

7 April 2022

Notes

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

1. Website Giving Information Regarding the AGM

Information regarding the AGM, including the information required by Section 311A of the Companies Act 2006, is available from bmoprivateequitytrust.com.

2. 2022 Annual General Meeting

All Ordinary Shareholders are strongly advised to consider their own personal circumstances before attending the AGM in person. For Ordinary Shareholders who choose not to attend, any questions they may have regarding the resolutions proposed at the AGM or the performance of the Company can be directed to a dedicated email account, privateequitytrustagm@bmogam.com, by Thursday 19 May 2022. The Board will endeavour to ensure that all such questions are fully addressed during the meeting. In addition, the meeting will be recorded and will be available to view on the Company's website, www.bmoprivateequitytrust.com shortly thereafter.

An Ordinary Shareholder who wishes to attend the AGM in person should arrive at the venue for the AGM in good time to allow their attendance to be registered. As they may be asked to provide evidence of their identity prior to being admitted to the AGM, it is advisable for Ordinary Shareholders to have some form of identification with them.

However, as the situation with regard to the COVID-19 pandemic remains uncertain, if circumstances change on or prior to 26 May 2022 so that laws, regulations or Government guidance no longer permit physical Shareholders' attendance, or if the Board should otherwise determine Shareholders' attendance at an open meeting to be contrary to the safety and wellbeing of Shareholders, alterations may be required to be made to the AGM format. In these circumstances, the Company will communicate to Shareholders any changes to arrangements by a London Stock Exchange announcement and through updates to the Company's website: www.bmoprivateequitytrust.com. In addition, the Company may impose entry restrictions on certain persons wishing to attend the meeting in order to secure the orderly and proper conduct of the business.

Although normal practices have resumed in respect of the AGM, to ensure that each Shareholder's votes will count in the event that they cannot attend in person, or in the event that Shareholder attendance has been subsequently restricted due to health and safety concerns and the Company must put in place alternative arrangements, the Board would encourage all Shareholders to complete and submit their Form of Proxy or Form of Direction in advance of the AGM. Further, should the AGM be restricted, Shareholders are strongly encouraged to appoint the Chairman of the AGM as their proxy as any other person so appointed may not be admitted to the AGM, resulting in that Shareholder's vote not being counted.

3. Entitlement to Vote

- 3.1 Notice is given only to Ordinary Shareholders registered in the Company's register of members at close of business on 24 May 2022 (or, if the AGM is adjourned, at close of business on the day two business days prior to the adjourned meeting) in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after close of business on 24 May 2022 (or, if the AGM is adjourned, at close of business on the day two business days prior to the date of the adjourned meeting) shall be disregarded in determining the rights of any person to vote at the AGM.

If you have sold or otherwise transferred all your shares in the Company please forward this document, together with the Form of Proxy enclosed at once to the purchaser or transferee, or to the stockbroker, bank, or other agent, through whom the sale of transfer was effected, from transmission to the purchaser or transferee. If you have sold or otherwise transferred only a part of your holding of shares, you should retain these documents.

- 3.2 An Ordinary Shareholder is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy may only be appointed using the procedures set out below.

An Ordinary Shareholder may instruct their proxy to abstain from voting on a particular resolution to be considered at the AGM by marking the "Vote Withheld" option in relation to that particular resolution when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" that particular resolution.

- 3.3 An Ordinary Shareholder who wishes to change their proxy instruction must submit a new appointment of proxy in accordance with notes 4-6 (as appropriate) below. If an Ordinary Shareholder requires another hard-copy Form of Proxy to enable them to change their proxy instruction, they should contact the Registrar on the telephone number 0871 664 0300. Overseas shareholders should call +44 (0) 208 639 3399.
- 3.4 In order to revoke a proxy instruction, an Ordinary Shareholder must inform the Company by sending a hard-copy notice clearly stating their revocation of their proxy instruction to Link Asset Services PXS, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. In the case of an Ordinary Shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the revocation of proxy instruction. The revocation notice must be received by the Registrar not later than 12 noon on 24 May 2022.

- 3.5 A person who is not an Ordinary Shareholder but has been nominated by an Ordinary Shareholder to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 below.

4. **Appointment of Proxy using Hard-copy Form of Proxy**

The notes on the Form of Proxy explain how to direct a proxy how to vote, or abstain from voting, on the resolution. To appoint a proxy using the Form of Proxy, the Form of Proxy must be completed and signed and sent or delivered to Link Asset Services PXS, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, so as to be received by the Registrar by not later than 12 noon on 24 May 2022. In the case of an Ordinary Shareholder which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

5. **Appointment of Proxy through CREST**

- 5.1 CREST members who wish to appoint a proxy for the AGM by utilising the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual, which can be reviewed at www.euroclear.com/CREST. CREST personal members or other CREST sponsored members and those CREST members who have appointed (a) voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
- 5.2 In order for a proxy appointment made via CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Registrar (RA10) by not later than 12 noon on 24 May 2022. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- 5.3 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 5.4 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. **Appointment of Proxy by Joint Members**

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

7. **Corporate Representatives**

Any corporation which is an Ordinary Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as an Ordinary Shareholder provided that no more than one corporate representative exercises powers over the same Ordinary Share(s).

8. **Nominated Persons**

A person who has been nominated under section 146 of the Act 2006 to enjoy information rights (a "Nominated Person"):

- (i) may have a right under an agreement between the Nominated Person and the Ordinary Shareholder who has nominated them to have information rights (the "Relevant Member") to be appointed or to have someone else appointed as a proxy for the AGM; and
- (ii) if they either do not have such a right or if they have such a right but do not wish to exercise it, may have a right under an agreement between them and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.

A Nominated Person's main point of contact in terms of their investment in the Company remains the Relevant Member (or, perhaps, their custodian or broker) and they should continue to contact them (and not the Company) regarding any changes or queries relating to their personal details and their interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from the Nominated Person.

9. Website Publication of Audit Concerns

Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (Sections 527 to 531), where requested by (a) Ordinary Shareholder(s) meeting the qualification criteria set out in note 10 below, the Company must publish on its website a statement setting out any matter that such Ordinary Shareholder(s) propose(s) to raise at the AGM relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM. Where the Company is required to publish such a statement:

- (i) it may not require the Ordinary Shareholder(s) making the request to pay any expenses incurred by the Company in complying with the request;
- (ii) it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and
- (iii) the statement may be dealt with as part of the business of the AGM. The request:
 - (a) may be in hard copy form or in electronic form (see note 11 below);
 - (b) either set out the statement in full or, if supporting a statement sent by another Ordinary Shareholder, clearly identify the statement which is being supported;
 - (c) must be authenticated by the person or persons making it (see note 11 below); and
 - (d) be received by the Company at least one week before the AGM.

10. Ordinary Shareholders' Qualification Criteria

In order to be able to exercise the members' right to require the Company to publish audit concerns (see note 9 above) the relevant request must be made by:

- (i) (a) Ordinary Shareholder(s) having a right to vote at the AGM and holding at least 5 per cent of the total voting rights of the Company; or
- (ii) at least 100 Ordinary Shareholders having a right to vote at the AGM and holding, on average, at least £100 of paid up share capital.

11. Submission of Hard Copy and Electronic Requests and Authentication Requirements

Where (a) Ordinary Shareholder(s) wish(es) to request the Company to publish audit concerns (see note 9 above) such request must be made in accordance with one of the following ways:

- (i) a hard copy request which is signed by the Ordinary Shareholder(s), states their full name(s) and address(es) and is sent to the Company Secretary, BMO Asset Management (Holdings) PLC, 6th Floor, Quatermile 4, 7a Nightingale Way, Edinburgh EH3 9EG;
- (ii) a request which is signed by the Ordinary Shareholder(s), states their full name(s) and address(es) and is sent to the Company Secretary, BMO Asset Management (Holdings) PLC, 6th Floor, Quatermile 4, 7a Nightingale Way, Edinburgh EH3 9EG; or
- (iii) a request which states "BPET - AGM" in the subject line of the e-mail and the full name(s) and address(es) of the Ordinary Shareholder(s) and is sent to investor.enquiries@bmogam.com.

12. Issued Shares and Total Voting Rights

At 6 April 2022, the Company's issued share capital comprised 73,941,429 Ordinary Shares, none of which were held in treasury. Each Ordinary Share carries the right to one vote, and, therefore, the total number of voting rights in the Company at 6 April 2022 was 73,941,429.

13. Communication

Any electronic address provided either in this notice of AGM or any related documents (including the Form of Proxy) to communicate with the Company may not be used for any purposes other than those expressly stated.

Shareholder Information

Dividends

Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Link Asset Services, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL on request. Where dividends are paid to shareholders' bank accounts, dividend tax vouchers are sent directly to shareholders' registered addresses.

Dividend Reinvestment Plan

Shareholders who wish to use their dividends to purchase further shares in the Company by participating in the Company's Dividend Reinvestment Plan can complete an application form which may be obtained from Link Asset Services, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL on request.

Share Price

The Company's shares are listed on the London Stock Exchange. Prices are given daily in the Financial Times and in other newspapers.

Change of Address

Communications with Shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Link Asset Services under the signature of the registered holder.

Website

Additional information regarding the Company may be found at its website address which is: www.bmoprivateequitytrust.com

Financial Calendar 2021/2022

29 April 2022	Payment of final quarterly for 2021
26 May 2022	Annual General Meeting
May 2022	Announcement of quarterly results to 31 March 2022
July 2022	Payment of first interim dividend for 2022
August 2022	Announcement of interim results to 30 June 2022
October 2022	Payment of second interim dividend for 2022
November 2022	Announcement of quarterly results to 30 September 2022
January 2023	Payment of third interim dividend for 2022
March 2023	Announcement of annual results to 31 December 2022
April 2023	Payment of fourth interim dividend for 2022

Warning to Shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register at www.fca.org.uk to see if the person or firm contacting you is authorised by the Financial Conduct Authority ('FCA')
- Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at www.fca.org.uk/scams
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at www.fca.org.uk/scams where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

History

1999

The Company was launched in March 1999 as part of the reorganisation of The Scottish Eastern Investment Trust plc with the objective of managing the private equity investments formerly held by that company so as to realise those assets and return cash to shareholders.

2001

In August 2001, the Company was reorganised and shareholders were given the opportunity to convert all or part of their existing ordinary shares into A Shares (subsequently renamed Restricted Voting Shares) and B Shares (subsequently renamed Ordinary Shares).

2005

In August 2005, shareholders approved a change of company name from Martin Currie Capital Return Trust plc to F&C Private Equity Trust plc and the Company issued 49,758,449 C Shares following the acquisition of Discovery Trust plc and a subscription of £20 million by Friends Provident. The C Shares subsequently converted into Ordinary Shares.

2009

In December 2009 the Company, through its wholly owned subsidiary F&C Private Equity Zeros plc ('FCPEZ') issued 30,000,000 ZDP Shares at 100 pence per share. The ZDP Shares were designed to have a predetermined capital entitlement at the end of their life, on 15 December 2014, of 152.14 pence per share giving a redemption yield of 8.75 per cent per annum.

2012

On 23 May 2012 the Company adopted its current dividend policy, which is designed to provide shareholders with a regular and relatively predictable source of income, and the prospect of income growth over time.

2013

On 14 February 2013 the Restricted Voting Shares were converted and redesignated as Deferred Shares and the Deferred Shares were bought back by the Company and cancelled on that date. On 15 February 2013 the admission of the Restricted Voting Shares to the Official List of the UKLA and trading on the London Stock Exchange's Main Market were cancelled.

2014

On 15 December 2014, FCPEZ repaid its 30,000,000 ZDP Shares at 152.14 pence per share.

2016

During the year, the Company issued 1,959,156 Ordinary Shares of 1p each in the capital of the Company, following the exercise of subscription rights by holders of a corresponding number of management warrants previously issued by the Company in the capital of the Company. No warrants remain in issue.

2017

During the year the Company amended its dividend policy to introduce the payment of quarterly dividends. The first quarterly dividend was paid in January 2018. Previously the Company paid semi-annual dividends.

2018

In November 2018, the Board of Directors approved a change of company name from F&C Private Equity Trust plc to BMO Private Equity Trust PLC.

Historical Record

(Since reconstruction in 2005)

31 December	Net Asset Value per Ordinary Share#	Ordinary Share Price	Discount	Revenue per Ordinary Share#	Dividends per Ordinary Share	Ongoing Charges
2005*	131.40p	107.00p	18.6%	1.96p	1.95p	1.3%
2006	178.10p	161.00p	9.6%	3.20p	2.50p	1.6%
2007	231.08p	187.00p	19.1%	0.60p	0.60p	1.7%
2008	218.74p	75.50p	65.5%	0.64p	0.50p	1.3%
2009	206.84p	107.00p	48.3%	0.58p	0.80p	1.3%
2010	228.02p	129.75p	43.1%	0.96p	0.95p	1.5%
2011	243.54p	146.00p	40.1%	0.78p	0.80p	1.4%
2012	254.38p	185.75p	27.0%	1.76p	10.03p	1.5%
2013	269.07p	207.50p	22.9%	0.94p	10.58p	1.4% ^o
2014	277.55p	217.88p	21.5%	2.62p	10.84p	1.4% ^o
2015	295.74p	241.75p	18.3%	6.78p	11.41p	1.3% ^o
2016	350.98p	295.50p	15.8%	(0.41)p	12.60p	1.3% ^o
2017	357.23p	339.00p	5.1%	(0.58)p	14.04p	1.3% ^o
2018	386.29p	317.00p	17.9%	0.63p	14.37p	1.3% ^o
2019	411.51p	375.50p	8.8%	3.45p	15.33p	1.2% ^o
2020	486.17p	307.5p	36.8%	4.72p	16.13p	1.3% ^o
2021	640.3p	489.0p	23.6%	6.87p	20.04p	1.2%^o

* as at 31 July 2005 # fully diluted ^o excluding performance fee

Alternative Performance Measures

The Company uses the following Alternative Performance Measures ("APMs"):

Discount (or Premium) – If the share price of an Investment Trust is less than its Net Asset Value per share, the shares are trading at a discount. If the share price is greater than the Net Asset Value per share, the shares are trading at a premium.

		31 December 2021	31 December 2020
Net Asset Value per share (pence)	(a)	640.30	486.17
Ordinary share price per share (pence)	(b)	489.00	307.50
Discount (c = (b-a)/a)	(c)	23.6%	36.8%

Dividend Yield – The dividends declared for the year divided by the share price at the year end. An analysis of dividends is contained in note 7 to the accounts.

		31 December 2021	31 December 2020
Dividend per share (pence)	(a)	20.04	16.13
Ordinary share price per share (pence)	(b)	489.00	307.50
Dividend yield (c=a/b)		4.1%	5.2%

Gearing – this is the ratio of the borrowings less cash of the Company to its total assets less current liabilities (excluding borrowings and cash). Borrowings may include: preference shares; debentures; overdrafts and short and long-term loans from banks; and derivative contracts. If the Company has cash assets, these may be assumed either to net off against borrowings, giving a "net" or "effective" gearing percentage, or to be used to buy investments, giving a "gross" or "fully invested" gearing figure. Where cash assets exceed borrowings, the Company is described as having "net cash".

		31 December 2021 £'000	31 December 2020 £'000
Borrowings less cash	(a)	3,220	62,836
Total assets less current liabilities (excluding borrowings and cash)	(b)	476,667	422,319
Gearing (c = a/b)	(c)	0.7%	14.9%

Ongoing Charges – All operating costs expected to be incurred in future and that are payable by the Company expressed as a proportion of the average Net Assets of the Company over the reporting year. The costs of buying and selling investments are excluded, as are interest costs, taxation, performance fees, non-recurring costs and the costs of buying back or issuing Ordinary Shares. Ongoing charges of the Company's underlying investments are also excluded.

		Year to 31 December 2021	Year to 31 December 2020
Investment management fee – basic fee (£'000)		3,940	2,944
Other expenses (£'000)		993	952
Less non-recurring costs (£'000)		–	–
Ongoing charges (£'000):		4,933	3,896
Ongoing charges as a percentage of average net assets:		1.2%	1.3%
Ongoing charges (including performance fees) (£'000)		9,435	6,903
Ongoing charges (including performance fees) as a percentage of average net assets:		2.3%	2.2%
Average net assets (£'000)		406,332	307,068

Total Return – The return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets.

	Year to 31 December 2021	Year to 31 December 2020
NAV per share at start of year (pence)	486.17	411.51
NAV per share at end of year (pence)	640.30	486.17
Change in year	+31.7%	+18.1%
Impact of dividend reinvestments	+4.1%	+4.6%
Total NAV return for the year	+35.8%	+22.7%

	Year to 31 December 2021	Year to 31 December 2020
Share price per share at start of year (pence)	307.50	375.50
Share price per share at end of year (pence)	489.00	307.50
Change in year	+59.0%	-18.1%
Impact of dividend reinvestments	+7.2%	+3.9%
Total share price return for the year	+66.2%	-14.2%

Glossary of Terms

Corporate Terms

AAF – Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

AIC – Association of Investment Companies, is the trade body for Closed-end Investment Companies (www.theaic.co.uk).

AIFMD – Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires that all investment vehicles in the European Union, including Investment Trusts, must appoint a Depositary and an Alternative Investment Fund Manager. The Board of Directors of an Investment Trust, nevertheless, remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations.

Closed-end Investment Company – A company, including an Investment Trust, with a fixed issued ordinary share capital which is traded on an exchange at a price not necessarily related to the Net Asset Value of the company and where shares can only be issued or bought back by the company in certain circumstances. This contrasts with an open-ended investment company, which has units not traded on an exchange but issued or bought back from investors at a price directly related to the Net Asset Value.

Custodian – A specialised financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services. The Company's Custodian is JPMorgan Chase Bank.

Depositary – Under AIFMD rules applying from July 2014, the Company must appoint a Depositary, whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under AIFMD regulations, the Depositary has strict liability for the loss of the Company's financial assets in respect of which it has safekeeping duties. The Depositary's oversight duties include, but are not limited to, oversight of share buybacks, dividend payments and adherence to investment limits. The Company's Depositary is JPMorgan Europe Limited.

Derivative – A contract between two or more parties, the value of which fluctuates in accordance with the value of an underlying security. The contract is usually short-term (for less than one year). Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. A derivative can be an asset or a liability and is a form of gearing because the fluctuations in its value are usually greater than the fluctuations in the underlying security's value.

Dividend – The income from an investment. The Company currently pays dividends to shareholders quarterly.

GAAP – Generally Accepted Accounting Practice. This includes UK GAAP and International GAAP (international accounting standards). The Company's financial statements are prepared in accordance with UK adopted international accounting standards.

Gearing – Unlike open-ended investment companies, Investment Trusts have the ability to borrow to invest. This term is used to describe the level of borrowings that an Investment Trust has undertaken. The higher the level of borrowings, the higher the gearing ratio.

Investment Trust – A Closed-end Investment Company which satisfies the requirements of Section 1158 of the Corporation Tax Act 2010. Companies which meet these criteria are exempt from having to pay tax on the capital gains they realise from sales of the investments within their portfolios.

Leverage – As defined under AIFMD rules, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to Gearing, but is expressed as a ratio between the assets (excluding borrowings) and the Net Assets (after taking account of borrowings). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Manager – The Company's investment manager is BMO Investment Business Limited, a wholly owned subsidiary of BMO Global Asset Management (Europe) Limited. BMO Global Asset Management (Europe) Limited is owned by Columbia Threadneedle Investments UK International Limited and is part of the Ameriprise Financial, Inc., group of companies

Further details are set out on page 32 and in note 3 to the financial statements.

Market Capitalisation – The stock market value of a company as determined by multiplying the number of shares in issue, excluding those shares held in treasury, by the market price of the shares.

Net Assets (or Shareholders' Funds) – This is calculated as the value of the investments and other assets of an Investment Trust, plus cash and debtors, less borrowings and any other creditors. It represents the underlying value of an Investment Trust at a point in time.

Ordinary Shares – The main type of equity capital issued by conventional Investment Trusts. Shareholders are entitled to their share of both income, in the form of dividends paid by the Investment Trust, and any capital growth. As at 31 December 2021 the Company had only Ordinary Shares in issue.

Share Price – The value of a share at a point in time as quoted on a stock exchange. The Company's Ordinary Shares are quoted on the Main Market of the London Stock Exchange.

SORP – Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the AIC.

Total Assets – This is calculated as the value of the investments and other assets of an Investment Trust, plus cash and debtors.

Zero Dividend Preference Shares ("ZDP Shares") – An additional share class issued by some Investment Trusts. Their aim is to give investors back a certain amount of money, which is set in advance – called the redemption value.

Private Equity Terms

Carried Interest – The share in the proceeds of a sale of an investee company or fund that is retained by the private equity fund manager as a performance fee if the investment has performed well.

Co-investment – An investment made directly into a company alongside a financial sponsor or other private equity investors.

Deal Flow – The rate at which investment proposals come to a private equity fund manager.

Drawdown – When a private equity firm has decided where it would like to invest, it will approach its investor to drawdown the money already committed to the fund.

General Partner ("GP") – The manager of a limited partnership private equity fund.

Internal Rate of Return ("IRR") – Generally, the term refers to the annual compound rate of return to an investor over a given period. Returns normally include dividend and interest distributions and proceeds from disposals or a fair valuation of the company if unrealised.

Lead Investor – A private equity investor who either wins the mandate for, or invests the most in, a syndicated investment.

Limited Partnership – The legal structure of most private equity funds, comprising a fixed-life investment vehicle managed by General Partners with the Limited Partners being the investors. Limited Partners have limited liability and are not involved in the day-to-day management of the fund but receive regular and detailed reports on the holdings in the fund.

Management Buy-in ("MBI") – The purchase of a business by private equity investors together with one or more outside managers. The managers sometimes put up some of the finance and gain a share of the equity.

Management Buy-out ("MBO") – The purchase of a business by private equity investors with some or all of the existing management. The managers put up some of the finance and gain a share of the equity.

Mezzanine Finance/Debt – Loans, usually unsecured, which rank after secured or senior debt but before equity in the event of the company defaulting. To compensate for the greater risk, these loans usually carry interest at a higher rate than on a secured loan and an element of equity.

Secondaries Transaction – This is where an institutional, corporate or fund-of-funds investor in a private equity fund sells part or all of their portfolio of individual fund holdings to another institutional or corporate investor or fund-of-funds.

Senior Debt – Secured debt which ranks first in terms of repayment in the event of default.

Syndicated Investment – An investment which is too large to be undertaken by one fund on its own and which is therefore shared among several private equity funds.

Trade Sale – The sale of an investee company to another company in the same sector as opposed to a financial institution.

How to Invest

One of the most convenient ways to invest in BMO Private Equity Trust PLC is through one of the savings plans run by BMO.

BMO ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the current tax year with a lump sum from £100 or regular savings from £25 a month. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

BMO Junior ISA (JISA)*

A tax efficient way to invest up to £9,000 per tax year for a child. Contributions start from £100 lump sum or £25 a month. JISAs or CTFs with other providers can be transferred to BMO.

BMO Lifetime ISA (LISA)

For those aged 18-39, a Lifetime ISA could help towards purchasing your first home or retirement in later life. Invest up to £4,000 for the current tax year and receive a 25% Government bonus up to £1,000 per year. Invest with a lump sum from £100 or regular savings from £25 a month.

BMO Child Trust Fund (CTF)*

If your child already has a CTF you can invest up to £9,000 per birthday year, from £100 lump sum or £25 a month. CTFs with other providers can be transferred to BMO.

BMO General Investment Account (GIA)

This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £100 lump sum or £25 a month.

BMO Junior Investment Account (JIA)

This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £100 lump sum or £25 a month per account. You can also make additional lump sum top-ups at any time from £100 per account.

*The CTF and JISA accounts are opened by parents in the child's name and they have access to the money at age 18. **Calls may be recorded or monitored for training and quality purposes.

Charges

Annual management charges and other charges apply according to the type of plan.

Annual account charge

ISA/LISA: £60+VAT

GIA: £40+VAT

JISA/JIA/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

Dealing charges

£12 per fund (reduced to £0 for deals placed through the online BMO Investor Portal) for ISA/GIA/LISA/JIA and JISA. There are no dealing charges on a CTF.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits.

Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales Cost & Charges disclosure related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you want to invest into.

How to Invest

To open a new BMO plan, apply online at bmogam.com/apply

Online applications are not available if you are transferring an existing plan with another provider to BMO, or if you are applying for a new plan in more than one name but paper applications are available at bmoinvestments.co.uk/documents or by contacting BMO.

New Customers

Call: **0800 136 420**** (8.30am – 5.30pm, weekdays)

Email: info@bmogam.com

Existing Plan Holders

Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)


Email: investor.enquiries@bmogam.com

By post: BMO Administration Centre
PO Box 11114
Chelmsford
CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: Barclays Stockbrokers, EQi, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, The Share Centre

 bmoinvestments.co.uk

 facebook.com/bmoinvestmentsuk

 0345 600 3030, 9.00am – 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.



BMO Asset Management Limited

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Corporate Information

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Mark Tennant (Chairman)*
Elizabeth Kennedy†
Audrey Baxter
Tom Burnet
Swantje Conrad
Richard Gray
David Shaw

Company Secretary

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Bankers

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Company Number

Registered in Scotland No: SC179412

* Chairman of the Management Engagement Committee and the Nomination Committee


† Chairman of the Audit Committee



BMO Private Equity Trust PLC

Report and Accounts 31 December 2021

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